1099, 1098, 5498, W-2G/990/inst.

Department of the Treasury
Internal Revenue Service

1990

Instructions to Filers of Forms 1099, 1098, 5498, and W-2G

This package contains:

Form 1096, Annual Summary and Transmittal of U.S. Information Returns

Instructions for Forms 1099, 1098, 5498, and W-2G

Form 7018-C, Order Blank for Forms

Mailing Label

Use of Mailing Label

Please use the preprinted mailing label located on the back page of this booklet on your Form 1096. Using the label will help IRS process your returns more efficiently. Please do not use this label on any other form you file with IRS, and please do not use any other labels that you may have received with other tax packages on Form 1096.

Please check the label to make sure it contains your current name, address, and taxpayer identification number (TIN). Make any necessary changes to your name and address on the label. If the TIN is not correct, DO NOT USE THE LABEL, but follow the instructions in (5) below.

Make no entries in the boxes on Form 1096 for filer's name, address, and TIN (Boxes 1 and 2) if you are using the preprinted label.

Important Points To Remember

To avoid errors and unnecessary correspondence from IRS:

(1) Read the general instructions in this booklet through page 7 and the specific instructions for the information returns you are filing.

(2) Submit a separate Form 1096 for each type of information return you file. For example, if you must file both Forms 1099-DIV and 1099-INT, complete one Form 1096 to transmit your Forms 1099-DIV and another Form 1096 to transmit your Forms 1099-INT.

(3) Submit a separate Form 1096 for original information returns and for corrected information returns. DO NOT submit originals and corrections together with one Form 1096.

(4) Be sure that the filer information on Form 1096 is consistent with the filer information on the Forms 1099, 1098, 5498, or W-2G in the submission. See the enclosed Form 1096 for the definition of a filer.

(5) If you are not using the preprinted label, enter your name, as it appears on other tax returns filed with IRS, and address on Form 1096. Enter either an employer identification number (EIN) in Box 1 or a social security number (SSN) in Box 2, but NOT BOTH, as follows:

(a) Sole proprietors who are required to have an EIN and all others must enter their EIN in Box 1.

(b) Sole proprietors who are not required to have an EIN must enter their SSN in Box 2.

(c) Individuals not in a trade or business should enter their SSN in Box 2.

(6) Use decimal points in all money fields to indicate dollars and cents. Information returns received without decimal points may be sent back to you for correction and resubmission.

Importance of Filing Accurate Returns

We compare the data you furnish on information returns with the income tax returns of those people for whom you report the information. If the information you give us is different from what they report on their tax returns, we may propose a change to their taxes. Therefore, please prepare your returns accurately and file and furnish them on time.

Because of the importance of filing accurate and timely information returns, filers may be subject to a $15, $30, or $50 per return penalty for failure to file correct information returns. See *Items You Should Note* on page 1 and *Penalties* on page 2.

Magnetic Media Requirements

If you are required to file 250 or more information returns, you must file on magnetic media unless you have been granted an undue hardship waiver. Each type of form is counted separately to determine the 250 filing requirement. You may request a waiver on **Form 8508**, Request for Waiver From Filing Information Returns on Magnetic Media. The requirement to file on magnetic media applies separately to original returns and corrected returns. See page 3 for more information.

Publication 1220 details the requirements and specifications for submitting magnetic tape, tape cartridge, and 5¼ and 3½ inch diskettes and for filing electronically. Publication 1255 details the requirements and specifications for submitting 8 inch diskettes. Both publications may be obtained from IRS district offices or by calling (304) 263-8700 (not a toll-free number).

When To File

Forms 1098, 1099, and W-2G for tax year 1990 must be filed by February 28, 1991. Forms 5498 must be filed by May 31, 1991. If you need an extension of time to file, see part *B* on page 4 for information about **Form 8809,** Request for Extension of Time To File Information Returns.

Statements to recipients must be furnished by January 31, 1991. However, IRA contribution information must be furnished by May 31, 1991. See part *H* on page 4 for more information about furnishing statements to recipients (payees).

Format Requirements

Because paper forms are read by machines, you may use only official IRS forms or substitutes that meet the requirements specified by the current Pub. 1179. See *Paper Document Reporting* on page 3.

Taxpayer Identification Numbers

If you are required to submit information returns to report information about another person, you must request and provide that person's taxpayer identification number (TIN) on those returns. IRS will identify information returns with missing or incorrect TINs. A penalty will be charged to those who cannot demonstrate that they made a proper attempt to obtain correct numbers.

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READEX FICHE best copy available

1990

Department of the Treasury
Internal Revenue Service

Instructions for Forms 1099, 1098, 5498, and W-2G

(Including Instructions for Forms 1099-A, 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, 1099-S, and 5754)

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times are:

1099-A	10 minutes
1099-B	14 minutes
1099-DIV	13 minutes
1099-G	12 minutes
1099-INT	11 minutes
1099-MISC	13 minutes
1099-OID	10 minutes
1099-PATR	11 minutes
1099-R	17 minutes
1099-S	7 minutes
1098	5 minutes
5498	7 minutes
1096	11 minutes
W-2G	19 minutes
5754	12 minutes

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to **Internal Revenue Service,** Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; or the **Office of Management and Budget,** Paperwork Reduction Project (1545-0112), Washington, DC 20503.

Items You Should Note

Penalties and Magnetic Media Requirements

New legislation changed the penalty provisions and some of the magnetic media requirements for information returns, effective for 1989 returns due in 1990. Thus, for 1990 returns due in 1991, these new provisions are in effect.

The separate penalties for failure to timely file information returns, failure to include correct information on returns, and failure to provide correct taxpayer identification numbers (TINs) on returns were consolidated into one penalty, which is now a penalty for failure to file a correct information return (section 6721). The separate penalties for failure to provide statements to payees and failure to include correct information on statements to payees were consolidated into one penalty, which is now a penalty for failure to furnish correct payee statements (section 6722).

In addition, the provisions that required the penalties for information returns relating to interest and dividend payments to be self-assessed were repealed. Thus, **Form 8210,** Self-Assessed Penalties Return, is not required for information returns due after 1989.

The change in the magnetic media filing requirements generally affects information returns relating to interest and dividend payments (Forms 1099-INT, DIV, OID, and PATR) and broker and barter exchange transanctions (Form 1099-B). You are required to file such information returns on magnetic media only if you are required to file 250 or more returns.

For more information, see *Penalties* and *Magnetic Media Reporting* on pages 2 and 3.

New List of Payments

Page 22 contains an alphabetical list of some payments and the forms to file to report them. The list was developed to help you determine which form to file. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable.

Form 1099-MISC—New State Income Tax Boxes and Copies

New Box 11, State income tax withheld, and Box 12, State/Payer's state number, have been added to Form 1099-MISC, Statement for Recipients of Miscellaneous Income. In addition, two new copies have been added—Copy 1, for filing with a state, and Copy 2, for the recipient to attach to the state tax return, when required. The new boxes and copies are provided for your convenience and are not required to be used.

Form 1099-OID—Record Date Reporting May Be Eliminated

Proposed Regulations section 1.6049-4(b), published in the Federal Register on September 7, 1989, eliminates semiannual record date reporting for tax years after 1990. Thus, if you report original issue discount (OID) for 1991 and the regulations are final, you would be required to report the OID includible in the gross income of each record holder. For more information, see the regulations.

REMICs and Issuers of Collateralized Debt Obligations (CDOs)

Changes in the reporting requirements for real estate mortgage investment conduits (REMICs) and issuers of CDOs are required by Temporary Regulations section 1.6049-7T. See the instructions for Forms 1099-INT and 1099-OID later in this booklet and the regulations for more information.

Form 1099-R Changes

Form 1099-R, Statement for Recipients of Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc., has been changed for 1990. An IRA/SEP checkbox has been added to Box 7 to indicate that the distribution was made from an IRA or a SEP, and several of the distribution codes have been changed or eliminated. For all distributions, including a normal distribution, a numeric code must now be entered in Box 7 except when using Code P or D. The codes that were eliminated are: 2—Rollovers, 6—Other, and 7—Normal IRA or SEP distributions. For the list of the codes for 1990, see *Form 1099-R* under *Specific Instructions*, later.

REMINDER—Substitute Statements to Recipients

IRS is concerned that some payers who are not using the official form (Copy B) to furnish statements to recipients may be using substitute statements that do not comply with the rules in **Publication 1179,** Specifications for Paper Document Reporting and Paper Substitutes for Forms 1096, 1098, 1099 Series, 5498, and W-2G. Pub. 1179, which is revised annually, is a revenue procedure that explains the requirements for format and content of substitute statements to recipients. If you are using a substitute form to furnish information to recipients, it must comply with the requirements in Pub. 1179.

Guide to Information Returns

See the chart on pages 23 and 24 for a brief summary of information return reporting rules.

Backup Withholding

Interest, dividends, rents, royalties, commissions, nonemployee compensation, and certain other payments (including broker and barter exchange transactions, and certain payments made by fishing boat operators) may be subject to backup withholding at a 20% rate. To be subject to backup withholding, a payment must be a reportable interest or dividend payment under section 6049(a), 6042(a), or 6044 (if the patronage dividend is paid in money or qualified check), or a reportable other payment under section 6041, 6041A(a), 6045, 6050A, or 6050N. If the payment is one of these reportable payments, backup withholding will apply if:

(1) The payee fails to furnish his or her taxpayer identification number (TIN) to you, OR

(2) IRS notifies you to impose backup withholding because the payee furnished an incorrect TIN, OR

(3) You are notified that the payee is subject to backup withholding (under section 3406(a)(1)(C)), OR

(4) For interest and dividend accounts opened or instruments acquired after 1983, the payee fails to certify to you, under penalties of perjury, that he or she is not subject to backup withholding under (3) above, OR

(5) For interest, dividend, broker, or barter exchange accounts opened or instruments acquired after 1983, or broker accounts considered inactive in 1983, the payee fails to certify, under penalties of perjury, that the TIN provided is correct.

Except as explained in (5) above, reportable other payments are subject to backup withholding only if (1) or (2) above applies.

Some payees are exempt from backup withholding. For a list of types of exempt payees and other information, please see **Form W-9**, Request for Taxpayer Identification Number and Certification.

Real estate transactions are not subject to backup withholding.

Generally, the period for which the 20% should be withheld is as follows:

(1) Failure to furnish TIN in the manner required.—Withhold on payments made until the TIN is furnished in the manner required. Special backup withholding rules apply if the payee has applied for a TIN. The payee may certify to this on Form W-9 by noting "Applied For" in the TIN block and by signing the form. This form then becomes an "awaiting-TIN certificate," and the payee has 60 days to obtain a TIN and furnish it to you. For information about whether backup withholding applies during the 60-day period, see Temporary Regulations section 35a.9999-3, Q/A 59A. If you do not receive a TIN from the payee within 60 days and you have not already begun backup withholding, begin backup withholding and continue until the TIN is provided.

(2) Notice from IRS that payee's TIN is incorrect.—You must withhold on any withdrawal made after 7 business days after the date you receive notification from IRS, or, if no withdrawal is made, you must withhold on payments made on the 31st day after the date you receive notification from IRS. However, you may choose to withhold on payments made after 7 business days after you receive notification from IRS even if no withdrawal is made. Stop withholding when another TIN is furnished in the manner required. **Note:** *IRS will furnish a notice to you, and you are required to promptly furnish a copy of such notice to the payee.* For further information, see Temporary Regulations section 35a.3406-1.

(3) Notice from IRS that payee is subject to backup withholding.—Start withholding on payments made on the 31st day after the date you receive notification from IRS, or you may elect to withhold any time before the 31st day. IRS will notify you in writing when to stop withholding, or the payee may furnish you with a written certification from IRS stating when withholding is to stop. In most cases, the stop date will be January 1 of the year following the year of the notice. **Note:** *You must notify the payee when withholding under this procedure starts.* For further information, see Temporary Regulations section 35a.3406-2.

(4) Payee failure to certify that he or she is not subject to backup withholding.—Withhold on reportable interest and dividends until certification has been received.

For exceptions to these general timing rules, see section 3406(e).

Note: *For information about backup withholding on gambling winnings, see the Specific Instructions for Form W-2G for the specific type of gambling winnings, later.*

Reporting and Payment of Backup Withholding.—Backup withholding must be reported on **Form 941**, Employer's Quarterly Federal Tax Return, or **Form 941E**, Quarterly Return of Withheld Federal Income Tax and Hospital Insurance (Medicare) Tax. For more information, see the instructions for Form 941 or 941E.

Additional Information.—For more information about backup withholding, see Temporary Regulations sections 35a.9999-1, -2, and -3, and 35a.3406-1 and -2 .

Penalties

The following penalties generally apply to the person required to file information returns. The penalties apply to paper filers as well as magnetic media filers.

Failure To File Correct Information Returns by the Due Date (Section 6721)

If you fail to file a correct information return by the due date and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to file timely, you fail to include all information required to be shown on a return, or you include incorrect information on a return. The penalty also applies if you file on paper when you were required to file on magnetic media, you report an incorrect TIN or fail to report a TIN (TIN penalty), or you fail to file paper forms that are machine readable.

The amount of the penalty is based on when you file the correct information return. The penalty is:

- $15 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty $75,000 per year ($25,000 for small businesses, defined later).
- $30 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty $150,000 per year ($50,000 for small businesses).
- $50 per information return if you file after August 1 or you do not file required information returns; maximum penalty $250,000 per year ($100,000 for small businesses).

Exceptions to the Penalty.—

(1) The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect.

(2) *De Minimis Rule for Corrections.*—Even though you cannot show reasonable cause, the penalty for failure to file correct information returns will not apply to a certain number of returns if:

(a) You filed those information returns timely,

(b) Either you failed to incude all the information required to be shown on a return or you included incorrect information, and

(c) You filed corrections of these information returns by August 1.

If you meet all the conditions in (a) through (c), the penalty will not apply to the greater of 10 information returns or 1/2 of 1% of the total number of information returns you are required to file for the calendar year.

(3) For mortagages in existence before 1985, you will not be subject to the penalty for failure to provide the TIN of the payer of record on Form 1098 if you followed the rules for requesting TINs contained in Temporary Regulations section 1.6050H-1T, and you properly and promptly processed the responses.

Lower Maximum Penalties for Small Businesses.—For purposes of the lower maximum penalties shown in parentheses above, you are a small business if your average annual gross receipts for the most recent 3 tax years (or for the period you were in existence, if shorter) ending before the calendar year in which the information returns were due are $5,000,000 or less.

Intentional Disregard of Filing Requirements.—If any failure to file a correct information return is due to intentional disregard of the filing and correct information requirements, the penalty is at least $100 per information return with no maximum penalty.

Failure To Furnish Correct Payee Statements (Section 6722)

If you fail to provide correct payee statements and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by January 31 (see part *H* under *General Instructions*, later), you fail to include all information required to be shown on the statement, or you include incorrect information on the statement. "Payee statement" has the same meaning as "statement to recipient" as used in part *H* under *General Instructions*.

The penalty is $50 per statement, regardless of when the correct statement is furnished, with a maximum of $100,000 per year. There is no reduction in the penalty for furnishing a correct statement by August 1.

Intentional Disregard of Payee Statement Requirements.—If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least $100 per payee statement with no maximum penalty.

Forms 1099-R and 5498

The penalties under sections 6721 and 6722 do not apply to Form 1099-R, which is filed under section 6047. The penalty for failure to timely file Form 1099-R is $25 per day with a maximum of $15,000 per year. See section 6652(e).

The penalties under sections 6721 and 6722 do not apply to Form 5498, which is filed under section 408(i). The penalty for failure to timely file Form 5498 is $50 per return with no maximum. See section 6693.

Caution: *During 1990, Congress may consider legislation that would apply the penalties under sections 6721 and 6722 to Forms 1099-R and 5498.*

Magnetic Media Reporting

Magnetic media reporting may be required for filing all information returns discussed in this publication. Payers have found magnetic media reporting to be economical, efficient, and more flexible for integrating the reporting required under the Internal Revenue Code with their reporting to other government agencies. Acceptable forms of magnetic media are magnetic tape, 3½, 5¼, and 8 inch diskette. Revenue procedures for magnetic media reporting are available at Internal Revenue Service district offices. Different types of payments, such as interest, dividends, and rents, may be reported on the same tape or other submission. **Caution:** *If you file on magnetic media, do not file the same returns on paper.*

Who Must File on Magnetic Media.—If you are required to file 250 or more information returns, you must file on magnetic media. The 250-or-more requirement applies separately to each type of form. For example, if you must file 500 Forms 1098 and 100 Forms 1099-A, you are not required to file Forms 1099-A on magnetic media, but you must file Forms 1098 on magnetic media.

The magnetic media filing requirement does not apply if you apply for and receive an undue hardship waiver. See *How To Request a Waiver From Filing on Magnetic Media*, later.

Filing Requirement Applies Separately to Originals and Corrections.—The magnetic media filing requirements below apply separately to original returns and corrected returns. Originals and corrections are not aggregated to determine whether you are required to file on magnetic media. For example, if you file 400 Forms 1098 on magnetic media and you are making 75 corrections, your corrections can be filed on paper because the number of corrections for Form 1098 is less than the 250 filing requirement. However, if you were filing 250 or more Form 1098 corrections, they would have to be filed on magnetic media.

How To Get Approval To File on Magnetic Media.—File **Form 4419**, Application for Filing Information Returns on Magnetic Media, at least 90 days before the due date of the returns. Only one Form 4419 need be filed for all types of returns that will be filed on magnetic media. Once you have received approval, you need not reapply each year. IRS will provide a written reply to the applicant and further instructions at the time of approval, usually within 30 days. Send the application to Internal Revenue Service, Martinsburg Computing Center, P.O. Box 1359, Martinsburg, WV 25401-1359. A magnetic media reporting package, which includes all the necessary transmittals, labels, and instructions, will be mailed to all approved filers when revenue procedures are available, but not later than October of the year for which the information returns are required.

The due dates for magnetic media reporting are the same as for paper document reporting.

How To Request a Waiver From Filing on Magnetic Media.—To receive a waiver from the required filing of information returns on magnetic media, submit **Form 8508**, Request for Waiver From Filing Information Returns on Magnetic Media, requesting an undue hardship waiver from filing on magnetic media. You cannot apply for a waiver for more than one tax year at a time. If you need a waiver for more than one tax year, you must reapply at the appropriate time each year (90 days before the due date of the returns). In addition, you must apply for a waiver for corrected returns if the number to be filed exceeds the magnetic media threshold. Please use Form 8508 to request a waiver, whenever possible. Rather than a Form 8508, you may send a written statement providing the information required by Rev. Proc. 86-31, 1986-1 C.B. 681.

Waiver requests generally must be filed 90 days before the due date of the returns. However, new brokers and new barter exchanges may request an undue hardship waiver by filing Form 8508 by the end of the second month following the month in which they became a broker or barter exchange.

If you are seeking, in a single application, approval for filing returns on magnetic media and, alternatively, a waiver from the magnetic media filing requirement if approval is not granted, submit both Forms 4419 and 8508.

If you receive an approved waiver, do not send a copy of it to the service center where you file your paper returns. Keep the waiver for your records only.

Penalty.—If you are required to file on magnetic media but fail to do so, and you do not have an approved waiver on record, you may be subject to a penalty of $50 per return for failure to file information returns unless you establish reasonable cause.

The penalty applies separately to original returns and corrected returns. See *Filing Requirement Applies Separately to Originals and Corrections*, earlier.

Extension of Time To File.—For information about requesting an extension of time to file, see part *B* under *General Instructions*, later.

Paper Document Reporting

Payers filing returns on paper forms must use a separate transmittal, **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, for each different type of form.

Required Format.—All Forms 1096, 1098, 1099, and 5498 must be prepared in accordance with the following instructions. If these instructions are not followed, you may be subject to a penalty of $50 per incorrectly filed document.

(1) **DO NOT CUT OR SEPARATE** the forms that are three to a page. Forms 1098, 1099, and 5498 are printed three to an 8" × 11" page. Form 1096 is printed one to an 8" × 11" page. These forms **must** be submitted to IRS on the 8" × 11" page. If at least one form on the page is correctly completed, you must submit the entire page.

(2) **NO PHOTOCOPIES** of any forms are allowable. Official forms are available from your IRS district office.

(3) **DO NOT STAPLE**, tear, or tape any of these forms. It will interfere with IRS's ability to scan the documents. Send the forms to IRS in a flat mailing (not folded).

(4) Pinfeed holes on the form are **NOT** acceptable. Pinfeed holes must not be in the 8" × 11" page. If they are outside that area, they must be removed before submission, taking the necessary precautions against tearing or ripping the form.

(5) **DO NOT** change the title of any box on any form. Do not use a form to report information that is not properly reportable on that form. If you are unsure of where to report the data, call your local IRS office.

(6) Report information only in the appropriate boxes provided on the forms unless otherwise indicated in these instructions.

(7) **DO NOT** submit any copy other than Copy A to the IRS.

(8) **DO NOT** use prior year forms. Because forms are "read" by machine, the current form **MUST** be used.

(9) Use the official forms or forms that meet the specifications for substitute forms in the 1990 **Publication 1179**, Specifications for Paper Document Reporting and Paper Substitutes for Forms 1096, 1098, 1099 Series, 5498, and W-2G. If you submit substitute forms that do not meet the current specifications and that are not machine scannable, you may be subject to a penalty of $50 for each return.

(10) Use decimal points to indicate dollars and cents. **DO NOT** use dollar signs ($), ampersands (&), asterisks (*), commas (,), or other special characters.

Suggested Format.—Below are suggestions that will allow the IRS to process the submitted forms in the most economical manner:

(1) Type or machine print data entries using 10 pitch (pica) or 12 pitch (elite) black type. Use block print, not script characters. Entries should not be handwritten. Dot matrix print must be letter quality 7 × 9 per character, minimum. Insert data in the middle of the blocks well separated from other printing and guidelines, and take other measures to guarantee a dark black, clear, sharp image.

(2) You may use the **account number** box for an account number designation. This number must not appear anywhere else on the form, and this box may not be used for any other item. Showing the account number is optional. However, it may be to your benefit to include the recipient's account number on paper documents if your system of records uses the account number rather than the name, social security number, or employer identification number for

identification purposes. If you furnish the account number, IRS will include it in future notices to you about backup withholding. If window envelopes are used to mail statements to recipients, be sure the account number does not appear in the window because the Postal Service may not accept these for reduced rate mail.

(3) Do not enter number signs (#); for example, enter Rt. 2, not Rt. #2. Also, do not enter zeros (-0-) in money amount boxes (unless the instructions specifically require that you enter zeros); leave them blank when no entry is required.

General Instructions

A. Who Must File.—See the *Specific Instructions* for each form.

Nominee/Middleman Returns.—Generally, anyone receiving a Form 1099 for amounts that actually belong to another person should file a Form 1099 showing the actual owner as the recipient and the nominee as the payer. The nominee, not the original payer, is responsible for filing the subsequent Forms 1099.

Mergers.—If two corporations merge and the surviving corporation becomes the owner of all the assets and assumes all the liabilities of the absorbed corporation, the reporting requirements explained in this publication will be met if the surviving corporation files Forms 1098, 1099, 5498, and/or W-2G for reportable payments of both corporations. See Rev. Rul. 69-556, 1969-2 C.B. 242.

Payments to Foreign Persons.—See **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and the related instructions for reporting requirements relating to payments of income items to foreign persons.

B. When To File.—File Form 1096 and Forms 1098, 1099, or W-2G by February 28, 1991. Brokers may file Forms 1096 and 1099-B anytime after the reporting period they elect to adopt (month, quarter, or year), but not later than February 28, 1991. File Form 1096 and Forms 5498 by May 31, 1991. See part *H* under *General Instructions*, about providing Forms 1098, 1099, 5498, and W-2G or statements to recipients.

For paper or magnetic media filing, you may request an extension of time to file by sending **Form 8809**, Request for Extension of Time To File Information Returns, to Internal Revenue Service, Martinsburg Computing Center, P.O. Box 1359, Martinsburg WV 25401-1359. You must request the extension before the due date of the returns for your request to be considered.

C. Where To File.—Send all information returns filed on magnetic media to Internal Revenue Service, Martinsburg Computing Center, P.O. Box 1359, Martinsburg, WV 25401-1359. Send all information returns filed on paper to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in ▼	Use the following Internal Revenue Service Center address ▼
Florida, Georgia, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501

If you have no legal residence, principal place of business, or principal office or agency in any Internal Revenue district, file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

D. Reporting Period.—Forms 1098, 1099, and W-2G are used to report amounts received, paid, or credited during the calendar year. Form 5498 is used to report amounts contributed for the calendar year.

E. Recipient Names and Taxpayer Identification Numbers.—Taxpayer identification numbers (TINs) are used to associate and verify amounts reported to IRS with corresponding amounts on tax returns. Therefore, it is important that you furnish correct social security or employer identification numbers for recipients on the forms or magnetic media sent to IRS. (You may be subject to a penalty for an incorrect or missing TIN. See *Penalties* on page 2.)

Note: *If the recipient does not provide a TIN, leave the box for providing the TIN to IRS blank on the Form 1098, 1099, 5498, or W-2G.*

The TIN for individual recipients of information returns (including sole proprietors) is the social security number For other recipients, it is the employer identification number.

Social security numbers have nine digits separated by two hyphens (000-00-0000), and employer identification numbers have nine digits separated by only one hyphen (00-0000000).

Show the full name and address in the section provided on the return. **If payments have been made to more than one recipient or the account is in more than one name, show as the ONLY name on the first name line the name of the recipient whose TIN is shown on the return.** Show the names of any other individual recipients in the area below the first line, if desired. Form W-2G filers see *Form 5754*, later.

F. Filer Names and Identification Numbers.—The TIN for filers of information returns, including sole proprietors and nominees/middlemen, is the Federal employer identification number (EIN). However, sole proprietors and nominees/middlemen who are not otherwise required to have an EIN should use their social security numbers. A sole proprietor is not required to have an EIN unless he or she must file excise or employment tax returns. See **Publication 583**, Taxpayers Starting a Business.

The filer's name and TIN should be consistent with the name and number used on the filer's other tax returns. The name of the filer's paying agent or service bureau must not be used in place of the name of the filer.

To obtain an EIN, file **Form SS-4**, Application for Employer Identification Number, with IRS. If you do not have your EIN by the time you must file information returns, enter "Applied For" in any space where the number must be entered.

G. Shipping and Mailing.—Persons who file on paper forms and who use more than one type of form should group the forms by form number and prepare separate transmittals for each group. For example, if you must file both Forms 1098 and 1099-A, complete one Form 1096 to transmit Forms 1098 and another Form 1096 to transmit Forms 1099-A.

If you are sending many forms, you may send them in conveniently sized packages. On each package write your name and TIN, number the packages consecutively, and place Form 1096 in package number one. Postal regulations require forms and packages to be sent by first-class mail.

H. Statements to Recipients (Borrowers, Participants, Payers/Borrowers, Transferors, or Winners on Certain Forms).—Be sure that the statements you provide to recipients are clear and legible.

Different rules apply to furnishing statements to recipients depending on the type of payment you are reporting and the form you are filing.

If you are not using the official IRS form to furnish statements to recipients, see **Publication 1179**, Specifications for Paper Document Reporting and Paper Substitutes for Forms 1096, 1098, 1099 Series, 5498, and W-2G, for specific rules about providing "substitute" statements to recipients. A substitute is any statement other than Copy B of the official form. You may prepare them yourself or buy them from a private printer. However, the substitutes must comply with the format and content requirements specified in Pub. 1179.

Interest, dividend, and royalty payments.—For payments of dividends or interest (including original issue discount) under sections 6042, 6044, or 6049

(reported on Form 1099-DIV, 1099-PATR, 1099-INT, or 1099-OID), you are required to furnish an official Form 1099, or a substitute form, to a payee either in person or in a statement mailing by first-class mail. Payers of **royalties** are also required to furnish the statement in person or in a statement mailing by first-class mail, but the statement need not be the official form. Statements may be sent by intraoffice mail if you use intraoffice mail to send account information and other correspondence to the payee.

Statement mailing.—In addition to Forms W-8, W-9, or other 1098, 1099, and 5498 statements, the following enclosures are permitted in a statement mailing: (1) a check, (2) a letter explaining why no check is enclosed, and (3) a statement of the person's account reflected on Form 1099. You may also include Forms W-2 and W-2P. A letter limited to an explanation of the tax consequences of the information shown on a payee statement may also be included. A payee statement may be perforated to a check with respect to the account reported on the payee statement or to a statement of the payee's specific account if payments on such account are reflected on the payee's statement. The enclosure to which the payee statement is perforated must contain, in a bold and conspicuous type, the legend "Important Tax Return Document Attached." No additional enclosures, such as advertising, promotional material, or a quarterly or annual report, are permitted. Even a sentence or two on the year-end statement describing new services offered by the payer is not permitted. However, logos are permitted on the envelope or on any enclosures.

For a statement mailing, the legend "Important Tax Return Document Enclosed" must appear on the outside of the envelope and on each check, letter, or account statement in a bold and conspicuous manner. This legend is not required on any tax form, tax statement, or permitted letter of tax consequences included in a statement mailing, nor is it required on a check or statement of the payee's account that is perforated to a Form 1099. Such statement or check must contain the legend "Important Tax Return Document Attached," described in the preceding paragraph. Further, you do not have to pluralize the word "document" in the legend simply because more than one payee statement is enclosed.

Note: *If you follow the more stringent "separate mailing" requirements of prior law—your mailing contains only payee statements, Forms W-8 and W-9, and a letter limited to the explanation of the tax consequences of the information shown on a payee statement included in the envelope—you are not required to include the legend "Important Tax Return Document Enclosed" on the envelope.*

Substitute forms.—You may use substitute Forms 1099 if they contain the same language as the official forms and you comply with the procedures in Pub. 1179, relating to substitute Forms 1099. Copy B (For Recipient) of the substitute forms must contain the statement: "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported." The substitute form must contain the applicable instructions as on the back of Copy B of the official form. See Pub. 1179. For information about substitute Form 1099-MISC for royalties, see *Other payments,* below.

Real estate transactions.—You must furnish a statement to the transferor containing the same information reported to IRS on Form 1099-S. You may use Copy B of Form 1099-S or a substitute form that complies with Pub. 1179 and Temporary Regulations section 1.6045-3T(m). You may use a Uniform Settlement Statement (under RESPA) as the written statement if it is conformed by designating on the statement the legend described below and by designating which information is reported to IRS on Form 1099-S. Any written statement must contain the following: "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported." You may furnish the statement to the transferor at closing or by mail. Furnish the statement at or after closing but by January 31, 1991.

Other payments.—Statements to recipients for Form 1098, 1099-A, 1099-B, 1099-G, 1099-MISC, 1099-R, 5498, W-2G, 1099-DIV only for section 404(k) dividends reportable under section 6047, or 1099-INT only for interest reportable under section 6041 need not be, but can be, a copy of the paper form filed with IRS. If you do not use a copy of the paper form, it is important that income items be properly classified for Federal tax purposes on the statement you give to recipients. The following messages must appear on the statements as indicated:

(1) Forms 5498 and 1099-R—"This information is being furnished to the Internal Revenue Service."

(2) Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-MISC, and W-2G—"This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported."

(3) Form 1099-A—"This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported."

(4) Form 1098—(a) "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest on your return."

(b) "The amount shown may not be fully deductible by you on your Federal income tax return. Limitations based on the cost and value of the secured property may apply. In addition, you may only deduct an amount of mortgage interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person."

You may combine the statements with other reports or financial or commercial notices, or expand them to include other information of interest to the recipient. Be sure that all copies of the forms are legible. Also provide the recipient with applicable instructions similar to those that appear on the back of the recipient's copy of the official IRS form so that the information may be properly used by the recipient in meeting his or her tax obligations.

For more information about paper substitutes, see Publication 1179.

Time for furnishing forms or statements.—Generally, you must provide Forms 1098, 1099, and W-2G information by January 31 of the following year. However, you may issue them earlier in some situations, as provided by the regulations. For example, you may furnish Form 1099-INT to the recipient on redemption of U.S. Savings Bonds at the time of redemption. Brokers and barter exchanges may furnish Form 1099-B anytime but not later than January 31.

Trustees or issuers of IRAs or SEPs must provide participants with a statement of the value of the participant's account by January 31. IRA contribution information must be furnished to the participant by May 31.

For real estate transactions, you may furnish the statement to the transferor at closing or by mail on or before January 31.

Filers of Form 1099-G who report state or local income tax refunds, credits, or offsets must furnish the statements to recipients **during** January of the following year.

I. Filing Returns With IRS.—IRS strongly encourages the quality review of data before filing to prevent erroneous notices being mailed to payees (or others for whom information is being reported).

If you must file any Form 1098, 1099, 5498, or W-2G with IRS, and you are filing paper documents, a **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, must be sent with each type of form as the transmittal document. You must group the forms by form number and submit each group with a separate Form 1096. Specific instructions for completing Form 1096 are included on Form 1096. Also see *Transmitters, paying agents, etc.*, below.

If you are filing on magnetic media, **Form 4804**, Transmittal of Information Returns Reported on Magnetic Media, must accompany your submissions.

For information on the preparation of transmittal documents for magnetic media and paper document reporting (Forms 4804 and 1096), see Rev. Proc. 84-24, 1984-1 C.B. 465, or other current revenue procedure.

If you use paper forms, report payments on the appropriate form, as explained in the *Specific Instructions,* later.

DO NOT STAPLE 6969 ☐ CORRECTED

Form **1096**
Department of the Treasury
Internal Revenue Service

Annual Summary and Transmittal of U.S. Information Returns

OMB No. 1545-0108

1990

ATTACH IRS LABEL HERE

Type or machine print FILER'S name (or attach label)

Street address

City, state, and ZIP code

If you are not using a preprinted label, enter in Box 1 or 2 below the identification number you used as the filer on the information returns being transmitted. Do not fill in both Boxes 1 and 2.

Name of person to contact if IRS needs more information

Telephone number ( )

For Official Use Only

1 Employer identification number	2 Social security number	3 Total number of documents	4 Federal income tax withheld	5 Total amount reported with this Form 1096
			$	$

Check only one box below to indicate the type of form being transmitted. If this is your FINAL return, check here ☐

☐ W-2G 32	☐ 1098 81	☐ 1099-A 80	☐ 1099-B 79	☐ 1099-DIV 91	☐ 1099-G 86	☐ 1099-INT 92	☐ 1099-MISC 95	☐ 1099-OID 96	☐ 1099-PATR 97	☐ 1099-R 98	☐ 1099-S 75	☐ 5498 28

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ ..... Title ▶ ..... Date ▶ .....

Please return this entire page to the Internal Revenue Service. Photocopies are NOT acceptable.

Instructions

Purpose of Form.—Use this form to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. DO NOT USE FORM 1096 TO TRANSMIT MAGNETIC MEDIA. See **Form 4804,** Transmittal of Information Returns Reported on Magnetic Media.

Use of Preprinted Label.—If you received a preprinted label from IRS with Package 1099, place the label in the name and address area of this form inside the brackets. Make any necessary changes to your name and address on the label. However, do not use the label if the taxpayer identification number (TIN) shown is incorrect. **Do not prepare your own label. Use only the IRS-prepared label that came with your Package 1099.**

If you are not using a preprinted label, enter the filer's name, address, and TIN in the spaces provided on the form.

Filer.—The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Form 1099, 1098, 5498, or W-2G. A filer includes a payer, a recipient of mortgage interest payments, a broker, a barter exchange, a person reporting real estate transactions, a trustee or issuer of an individual retirement arrangement (including an IRA or SEP), and a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

Transmitting to IRS.—Group the forms by form number and transmit each group with a **separate** Form 1096. For example, if you must file both Forms 1098 and Forms 1099-A, complete one Form 1096 to transmit your Forms 1098 and another Form 1096 to transmit your Forms 1099-A.

Box 1 or 2.—Complete only if you are not using a preprinted IRS label. Individuals not in a trade or business must enter their social security number in Box 2; sole proprietors and all others must enter their employer identification number in Box 1. However, sole proprietors who are not required to have an employer identification number must enter their social security number in Box 2.

Box 3.—Enter the number of forms you are transmitting with this Form 1096. Do not include blank or voided forms in your total. Enter the number of correctly completed forms, not the number of pages, being transmitted. For example, if you send one page of three-to-a-page Forms 5498 with a Form 1096 and you have correctly completed two Forms 5498 on that page, enter 2 in Box 3 of Form 1096.

Box 4.—Enter the total Federal income tax withheld shown on the forms being transmitted with this Form 1096.

Box 5.—No entry is required if you are filing Form 1099-A or 1099-G. For all other forms, enter the total of the amounts from the specific boxes of the forms listed below:

Form W-2G	Box 1
Form 1098	Box 1
Form 1099-B	Boxes 2 and 3
Form 1099-DIV	Boxes 1a, 5, and 6
Form 1099-INT	Boxes 1 and 3
Form 1099-MISC	Boxes 1, 2, 3, 5, 6, 7, 8, and 10
Form 1099-OID	Boxes 1 and 2
Form 1099-PATR	Boxes 1, 2, 3, and 5
Form 1099-R	Box 1
Form 1099-S	Box 2
Form 5498	Boxes 1 and 2

Final Return.—If you will not be required to file Forms 1099, 1098, 5498, or W-2G in the future, either on paper or on magnetic media, please check the "FINAL return" box.

Type of Form.—Check the appropriate box to indicate the type of form you are transmitting.

Corrected Returns.—If you are filing a Form 1096 for corrected information returns, enter an "X" in the CORRECTED box at the top of this form.

For more information about filing, see the separate Instructions for Forms 1099, 1098, 5498, and W-2G.

When To File.—File Form 1096 with Forms 1098, 1099, or W-2G by February 28, 1991. File Form 1096 with Forms 5498 by May 31, 1991.

Where To File.— Send all information returns filed on paper to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in ▼	Use the following Internal Revenue Service Center address ▼
Florida, Georgia, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501

If you have no legal residence or principal place of business in any Internal Revenue district, file with the Internal Revenue Service Center, Philadelphia, PA 19255.

DO NOT STAPLE 6969 ☐ CORRECTED

Form **1096**
Department of the Treasury
Internal Revenue Service

Annual Summary and Transmittal of U.S. Information Returns

OMB No. 1545-0108

1990

ATTACH IRS LABEL HERE

Type or machine print FILER'S name (or attach label)

Street address

City, state, and ZIP code

If you are not using a preprinted label, enter in Box 1 or 2 below the identification number you used as the filer on the information returns being transmitted. Do not fill in both Boxes 1 and 2.

Name of person to contact if IRS needs more information

Telephone number ( )

For Official Use Only

1 Employer identification number	2 Social security number	3 Total number of documents	4 Federal income tax withheld	5 Total amount reported with this Form 1096
			$	$

Check only one box below to indicate the type of form being transmitted. If this is your FINAL return, check here . . . . . ☐

☐ W-2G 32	☐ 1098 81	☐ 1099-A 80	☐ 1099-B 79	☐ 1099-DIV 91	☐ 1099-G 86	☐ 1099-INT 92	☐ 1099-MISC 95	☐ 1099-OID 96	☐ 1099-PATR 97	☐ 1099-R 98	☐ 1099-S 75	☐ 5498 28

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ► ..... **Title ►** ..... **Date ►** .....

Please return this entire page to the Internal Revenue Service. Photocopies are NOT acceptable.

Instructions

Purpose of Form.—Use this form to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. DO NOT USE FORM 1096 TO TRANSMIT MAGNETIC MEDIA. See **Form 4804,** Transmittal of Information Returns Reported on Magnetic Media.

Use of Preprinted Label.—If you received a preprinted label from IRS with Package 1099, place the label in the name and address area of this form inside the brackets. Make any necessary changes to your name and address on the label. However, do not use the label if the taxpayer identification number (TIN) shown is incorrect. **Do not prepare your own label. Use only the IRS-prepared label that came with your Package 1099.**

If you are not using a preprinted label, enter the filer's name, address, and TIN in the spaces provided on the form.

Filer.—The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Form 1099, 1098, 5498, or W-2G. A filer includes a payer, a recipient of mortgage interest payments, a broker, a barter exchange, a person reporting real estate transactions, a trustee or issuer of an individual retirement arrangement (including an IRA or SEP), and a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

Transmitting to IRS.—Group the forms by form number and transmit each group with a **separate** Form 1096. For example, if you must file both Forms 1098 and Forms 1099-A, complete one Form 1096 to transmit your Forms 1098 and another Form 1096 to transmit your Forms 1099-A.

Box 1 or 2.—Complete only if you are not using a preprinted IRS label. Individuals not in a trade or business must enter their social security number in Box 2; sole proprietors and all others must enter their employer identification number in Box 1. However, sole proprietors who are not required to have an employer identification number must enter their social security number in Box 2.

Box 3.—Enter the number of forms you are transmitting with this Form 1096. Do not include blank or voided forms in your total. Enter the number of correctly completed forms, not the number of pages, being transmitted. For example, if you send one page of three-to-a-page Forms 5498 with a Form 1096 and you have correctly completed two Forms 5498 on that page, enter 2 in Box 3 of Form 1096.

Box 4.—Enter the total Federal income tax withheld shown on the forms being transmitted with this Form 1096.

Box 5.—No entry is required if you are filing Form 1099-A or 1099-G. For all other forms, enter the total of the amounts from the specific boxes of the forms listed below:

Form W-2G	Box 1
Form 1098	Box 1
Form 1099-B	Boxes 2 and 3
Form 1099-DIV	Boxes 1a, 5, and 6
Form 1099-INT	Boxes 1 and 3
Form 1099-MISC	Boxes 1, 2, 3, 5, 6, 7, 8, and 10
Form 1099-OID	Boxes 1 and 2
Form 1099-PATR	Boxes 1, 2, 3, and 5
Form 1099-R	Box 1
Form 1099-S	Box 2
Form 5498	Boxes 1 and 2

PLEASE FOLD AND DETACH HERE

For Paperwork Reduction Act Notice, see the separate Instructions for Forms 1099, 1098, 5498, and W-2G.

Final Return.—If you will not be required to file Forms 1099, 1098, 5498, or W-2G in the future, either on paper or on magnetic media, please check the "FINAL return" box.

Type of Form.—Check the appropriate box to indicate the type of form you are transmitting.

Corrected Returns.—If you are filing a Form 1096 for corrected information returns, enter an "X" in the CORRECTED box at the top of this form.

For more information about filing, see the separate Instructions for Forms 1099, 1098, 5498, and W-2G.

When To File.—File Form 1096 with Forms 1098, 1099, or W-2G by February 28, 1991 File Form 1096 with Forms 5498 by May 31, 1991.

Where To File.— Send all information returns filed on paper to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in ▼	**Use the following Internal Revenue Service Center address** ▼
Florida, Georgia, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501

If you have no legal residence or principal place of business in any Internal Revenue district, file with the Internal Revenue Service Center, Philadelphia, PA 19255.

See Publication 1179 on specifications for private printing of information documents. You may not request special consideration. Only forms that conform with the official form and the specifications in Publication 1179 are acceptable.

Transmitters, paying agents, etc.—A transmitter, service bureau, paying agent, or disbursing agent (hereafter referred to as "agent") may sign Form 1096 or 4804 on behalf of any person required to file (hereafter referred to as "the payer") if the conditions in items (1) and (2) are met:

(1) The agent has the authority to sign the form under an agency agreement (oral, written, or implied) that is valid under state law, and

(2) The agent signs the form and adds the caption "For: (Name of payer)."

Signing of the form by an authorized agent on behalf of the payer does not relieve the payer of the liability for penalties for not filing a correct, complete, and timely Form 1096 or 4804 and accompanying returns.

Forms 1098, 1099, 5498, W-2G, or other statements to recipients issued by a service bureau or agent should show the same payer's name as shown on the information returns filed with IRS.

For information about the election to report and deposit backup withholding under the agent's TIN and how to prepare forms if the election is made, see Rev. Proc. 84-33, 1984-1 C.B. 502.

J. Corrected Returns.—If a return has been prepared and submitted to IRS improperly, you must file a complete corrected return as soon as possible. To determine whether you are required to submit corrected returns on magnetic media, see *Magnetic Media Reporting*, earlier. **All boxes must be completed on the appropriate forms with the correct information, not just the boxes needing correction.** Submit Form 1096 and Copies A of corrected forms to the appropriate service center as soon as possible. If you are making corrections on magnetic media, see the current revenue procedure on magnetic media.

Statements to the recipient (etc.) identified as corrected should be provided to them as soon as possible.

On all Forms 1098, 1099, and 5498, a box is provided for the account number. If the account number was provided on the original return, use this number on the corrected return to help identify the appropriate incorrect return filed when more than one return was filed for a particular individual. The account number may be a checking account number, savings account number, serial number, or any other number assigned to the payee by the filer that is unique and will distinguish the specific account. This number must appear on both the original and corrected returns to properly identify and process the correction.

A Form 1096 must be used to transmit all paper forms including corrections. Do not staple the paper forms to Form 1096. Use a **separate** Form 1096 for each type of return being corrected. Do not cut forms that are three to a page, but submit the entire page.

If a completed or partially completed Form 1098, 1099, or 5498 is incorrect and you want to void it, enter an "X" in the "VOID" box at the top of the form. DO NOT CUT the forms that are three to a page.

If you make an error while typing or printing a Form 1098, 1099, or 5498, enter an "X" in the "VOID" box at the top of the form. The return will then be disregarded during processing by IRS. DO NOT CUT or separate the forms that are three to a page. The entire page must be submitted.

The following chart gives step-by-step instructions for filing corrected returns for three of the most frequently made errors. Correction of errors may require the submission of more than one return. Be sure to read each section thoroughly.

Guidelines for Filing Corrected Returns on Paper Forms

Error Made on the Original Return	How To File the Corrected Return on Paper Forms
1. No payee TIN (SSN or EIN) or incorrect payee TIN, or incorrect name or address. This will require two separate transactions to make the correction properly. Read and follow all instructions for both Transactions 1 and 2.	**TRANSACTION 1:** Identify incorrect return submitted. **A. Form 1096:** 1. Prepare a new transmittal Form 1096. 2. Enter an "X" in the "CORRECTED" box at the top of the form. 3. This Form 1096 will be used to transmit your corrected returns. Therefore, complete Form 1096 showing your correct name, address, and TIN, and in the other boxes enter only information about the corrected returns. For example, enter in Box 3 of Form 1096 only the number of corrected returns being submitted. **B. Form 1098, 1099, 5498, or W-2G:** 1. Prepare a new information return(s). 2. Enter an "X" in the "CORRECTED" box at the top of the form(s). 3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; HOWEVER, enter "0" (zero) for all money amounts. 4. File Form 1096 and Copies A of the returns with the appropriate service center. 5. Do NOT include copies of the original return(s) that was filed incorrectly. **TRANSACTION 2:** Report correct information. **A. Form 1096:** 1. Prepare a new transmittal Form 1096. 2. Do NOT enter an "X" in the "CORRECTED" box at the top of the form for this type of correction. Rather, enter the words "Filed To Correct TIN, Name, and/or Address" in the bottom margin of the form. 3. Provide all requested information on the form as it applies to the return(s) prepared in *B*, below. **B. Form 1098, 1099, 5498, or W-2G:** 1. Prepare a new information return(s).
2. Incorrect money amount(s).	**A. Form 1096:** 1. Prepare a new transmittal Form 1096. 2. Enter an "X" in the "CORRECTED" box at the top of the form. 3. This Form 1096 will be used to transmit your corrected returns. Therefore, complete Form 1096 showing your correct name, address, and TIN, and in the other boxes enter only information about the corrected returns. For example, enter in Box 3 of Form 1096 only the number of corrected returns being submitted. **B. Form 1098, 1099, 5498, or W-2G:** 1. Prepare a new information return(s) on the proper type of form(s). 2. Enter an "X" in the "CORRECTED" box at the top of the form(s). 3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; HOWEVER, enter all correct money amounts in the correct boxes as they should have appeared on the original return. 4. File Form 1096 and Copies A of the returns with the appropriate service center. 5. Do NOT include copies of the original return(s) that was filed incorrectly.
3. Original return was filed using the WRONG type of return. For example, a Form 1099-DIV was filed when a Form 1099-INT should have been filed. This will require two separate transactions to make the correction properly. Read and follow all instructions for both Transactions 1 and 2.	**TRANSACTION 1:** Identify incorrect return submitted. **A. Form 1096:** 1. Prepare a new transmittal Form 1096. 2. Enter an "X" in the "CORRECTED" box at the top of the form. 3. This Form 1096 will be used to transmit your corrected returns. Therefore, complete Form 1096 showing your correct name, address, and TIN, and in the other boxes enter only information about the corrected returns. For example, enter in Box 3 of Form 1096 only the number of corrected returns being submitted. **B. Form 1098, 1099, 5498, or W-2G:** 1. Prepare a new information return(s) on the same type of form that was used initially.

Error Made on the Original Return	How To File the Corrected Return on Paper Forms
	2. Enter an "X" in the "CORRECTED" box at the top of the form(s). 3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; HOWEVER, enter "0" (zero) for all money amounts. 4. File Form 1096 and Copies A of the returns with the appropriate service center. 5. Do NOT include copies of the original return(s) that was filed incorrectly. **TRANSACTION 2:** Report correct information on the correct type of return. **A. Form 1096:** 1. Prepare a new transmittal Form 1096. 2. Do NOT enter an "X" in the "CORRECTED" box at the top of the form for this type of correction. Rather, enter the words "Filed To Correct Document Type" in the bottom margin of the form. 3. Provide all requested information on the form as it applies to the return(s) prepared in *B*, below. **B. Form 1098, 1099, 5498, or W-2G:** 1. Prepare a new information return(s) on the proper type of form. 2. Do NOT enter an "X" in the "CORRECTED" box at the top of the form(s). Submit the new return(s) as though it was an original. 3. Include all the correct information on the form. 4. File Form 1096 and Copies A of the returns with the appropriate service center. You MUST NOT use the same Form 1096 used in Transaction 1. 5. Do NOT include copies of the original return(s) that was filed incorrectly.

K. Other Information Returns.—The income information you report on the following returns must not be repeated on the returns discussed in the *Specific Instructions* in this document:

(1) Returns filed with Form W-3:
  (a) Form W-2 reporting wages and other employee compensation.
  (b) Form W-2P reporting certain annuities, pensions, retirement pay, and IRA payments.

(2) Forms 1042S and 1000 reporting income.

(3) Form 2439 reporting undistributed long-term capital gains of a regulated investment company.

(4) Schedule K-1 of Form 1065 reporting distributive shares to members of a partnership.

(5) Schedule K-1 of Form 1041 reporting distributions to beneficiaries of trusts or estates.

(6) Schedule K-1 of Form 1120S reporting distributive shares to shareholders of S corporations.

(7) Schedule K of Form 1120-IC-DISC reporting actual and constructive distributions to shareholders and deferred DISC income.

(8) Schedule Q of Form 1066 reporting income from a REMIC to a residual interest holder.

L. Payments to Corporations and Partnerships.—Reporting generally is not required for payments to corporations except in the case of: (1) medical payments, (2) withheld Federal income tax or foreign tax, (3) barter exchange transactions, (4) substitute payments in lieu of dividends and tax-exempt interest, and (5) interest or original issue discount paid or accrued to a regular interest holder of a REMIC. For example, reporting is not required for payments of architectural fees to corporations.

However, reporting generally is required for payments to partnerships. For example, payments of $600 or more made in the course of your trade or business to a law firm that is a partnership are reportable on Form 1099-MISC.

M. Earnings on an IRA or SEP.—Generally, any income with respect to an IRA or SEP, such as interest or dividends, should not be reported on Forms 1099 unless a distribution is made. Distributions should be reported on Form 1099-R or Form W-2P.

Specific Instructions

If a distribution includes noncash property, show the fair market value of the property at the time of payment.

Although you generally are not required to report payments smaller than the minimum described for each form, you may prefer, for economy and your own convenience, to file Copies A for all payments. IRS encourages this.

Form 1098

Use Form 1098, Mortgage Interest Statement, to report mortgage interest of $600 or more received by you during the year in the course of your trade or business from an individual including a sole proprietor. File a separate Form 1098 for each mortgage.

Exceptions.—You need not file Form 1098 for interest received from a corporation, partnership, trust, estate, association, or company (other than a sole proprietor) even though an individual is a coborrower and all the trustees, beneficiaries, partners, members, or shareholders of the payer of record are individuals.

Mortgage Defined.—An obligation incurred after 1987 is a mortgage if real property that is located inside or outside the U.S. secures all or part of the obligation, even though the interest recipient classifies the obligation as other than a mortgage, for example, as a commercial loan.

An obligation incurred after 1984 but before 1988 is a mortgage only if secured primarily by real property.

An obligation in existence on December 31, 1984, is not a mortgage if, at the time the obligation was incurred, the interest recipient reasonably classified the obligation as other than a mortgage, real property loan, real estate loan, or other similar type of obligation. For example, if an obligation incurred in 1983 was secured by real property, but the interest recipient reasonably classified the obligation as a commercial loan because the proceeds were used to finance the borrower's business, the obligation is not considered a mortgage for purposes of this reporting requirement. However, if over half of the obligations in a class established by the interest recipient are primarily secured by real property, it is not reasonable to classify those obligations as other than mortgages for purposes of this reporting requirement.

Real property includes a manufactured home as defined in section 25(e)(10), including certain mobile homes.

Lines of credit and credit card obligations.—Interest received on any mortgage that is in the form of a line of credit or credit card obligation is reportable regardless of how you classified the obligation. A borrower incurs a line of credit or credit card obligation when the borrower first has the right to borrow against the line of credit or credit card, whether or not the borrower actually borrows an amount at that time.

Price Level Adjusted Mortgage.—For a price level adjusted mortgage (PLAM) issued after January 8, 1990, reportable interest on Form 1098 includes payments of accrued original issue discount (OID). The part of each payment treated as OID is determined under Temporary Regulations section 1.1275-6T.

Who Must File.—File this form if you are engaged in a trade or business and, in the course of such trade or business, you receive from an individual $600 or more of mortgage interest on any one mortgage during the calendar year. You are not required to file this form if the interest is not received in the course of your trade or business. For example, you hold the mortgage on your former personal residence. The buyer makes mortgage payments to you. You are not required to file Form 1098.

You must file a separate Form 1098 for each mortgage on which you received interest of $600 or more. If you received less than $600 of interest on a mortgage, no reporting is required on that mortgage.

If you receive $600 or more of mortgage interest in the course of your trade or business, you are subject to the requirement to file Form 1098, even if you are not in the business of lending money. For example, if you are a real estate developer and you provide financing to an individual to buy a home in your subdivision, and that home is security for the financing, you are subject to this reporting requirement. However, if you are a physician not engaged in any other business and you lend money to an individual to buy your home, you are not subject to this reporting requirement because you did not receive the interest in the course of your trade or business as a physician.

A **governmental unit** (or any agency or instrumentality thereof) receiving mortgage interest from an individual of $600 or more must file this form.

Cooperative housing corporation.—A cooperative housing corporation is an interest recipient and must file Form 1098 to report an amount received from its tenant-stockholders that represents the tenant-stockholders' proportionate share of interest described in section 216(a)(2). This

rule applies only to tenant-stockholders who are individuals and from whom the cooperative has received at least $600 of interest during the year.

Collection agents.—Generally, if you receive reportable interest payments on behalf of someone else and you are the first person to receive the interest, for example, if you are a servicing bank collecting payments for a lender, you must file this form and enter your name, address, and TIN in the recipient entity area. You must file this form even though you do not include the interest received in your income but you merely transfer it to another person. If you wish, you may enter the name of the person for whom you collected the interest in Box 2. The person for whom you are receiving the interest need not file Form 1098.

However, there is an exception to this rule for any period that (1) the first person to receive or collect the interest does not have the information needed to report on Form 1098, and (2) the person for whom the interest is received or collected would receive the interest in its trade or business if the interest were paid directly to such person. If (1) and (2) apply, the person on whose behalf the interest is received or collected is required to report on Form 1098. If interest is received or collected on behalf of another person other than an individual, such person is presumed to receive the interest in a trade or business.

Foreign interest recipient.—If you are not a U.S. person, as defined in section 7701(a)(30), you must file Form 1098 only if the interest is received (1) in the U.S., or (2) outside the U.S. if you are a controlled foreign corporation or at least 50% of your gross income from all sources for the 3-year period ending with the close of the tax year preceding the receipt of interest (or for such part of the period as you were in existence) was effectively connected with the conduct of a trade or business in the U.S.

Nonresident Alien Interest Payer.—You must file Form 1098 to report interest paid by a nonresident alien only if all or part of the security for the mortgage is real property located in the U.S.

Multiple Borrowers.—Even though there may be more than one borrower on the mortgage, you are required to prepare Form 1098 only for the **payer of record**, and only if such payer of record is an individual, showing the total interest received on the mortgage. Even if an individual is a coborrower, no Form 1098 is required unless the payer of record is also an individual.

The payer of record is the individual carried on your books and records as the principal borrower. If your books and records do not indicate which borrower is the principal borrower, you must designate a borrower as the principal borrower.

Payments by Third Party.—Report all interest received on the mortgage as received from the borrower, except as explained under *Seller Payments*, below. For example, if the borrower's mother makes payments on the mortgage, the interest received from the mother is reportable on Form 1098 as received from the borrower.

However, do not report mortgage interest received from any governmental unit (or any agency or instrumentality thereof). For example, do not report any interest received as housing assistance payments from the Department of Housing and Urban Development (HUD) on mortgages insured under section 235 of the National Housing Act.

Seller Payments.—Do not report in Box 1 of Form 1098 any interest paid by a seller on a purchaser-borrower's mortgage, such as on a "buy-down" mortgage. For example, if a real estate developer deposits an amount in escrow and tells you to draw on that escrow account to pay interest on the borrower's mortgage, do not report in Box 1 the interest received from that escrow account. As another example, do not report in Box 1 any lump sum paid by a real estate developer to pay interest on a purchaser's/borrower's mortgage. However, if you wish, you may use Box 2 to report to the payer of record any interest paid by the seller.

Rule of 78s Method of Accounting.—If you are permitted by Rev. Proc. 83-40, 1983-1 C.B. 774, or any other revenue procedure, to use the Rule of 78s method to calculate interest earned with respect to a transaction, you may report interest earned under the Rule of 78s method on that transaction as interest received from the borrower in a calendar year. In this case, you must notify borrowers that the Rule of 78s method was used to calculate interest received and that the borrowers may not deduct the amount reported unless the borrowers are also properly using the Rule of 78s method to determine interest deductions. The notification must also state that the Rule of 78s method may be used only in the case of a self-amortizing consumer loan that requires level payments, at regular intervals (at least annually), over a period not in excess of 5 years (with no balloon payment at the end of the loan term), and only when the loan agreement provides for use of the Rule of 78s method to determine interest earned (see Rev. Proc. 83-40 and Rev. Rul. 83-84, 1983-1 C.B. 97). The notice must be furnished to the payer of record on or with the statement of the interest received.

Points and Other Prepaid Interest.—Do not report points on Form 1098 for 1990. For other prepaid interest, report it only in the year in which it properly accrues. For example, interest received on December 20, 1990, that accrues by December 31 but is not due until February 1, 1991, is reportable on the 1990 Form 1098.

Exception.—Interest received during the current year that will properly accrue in full by January 15 of the following year may be considered received in the current year, at your option, and is reportable on Form 1098 for the current year. However, if any part of an interest payment accrues after January 15, then only the amount that properly accrues by December 31 of the current year is reportable on Form 1098 for the current year. For example, if you receive a payment of interest that accrues for the period December 20 through January 20, you cannot report any of the interest that accrues after December 31 for the current year. You must report the interest that accrues after December 31 on Form 1098 for the following year.

Caution: *Starting in tax year 1991, new legislation requires that points must be reported.*

Statements to Payers of Record.—For information about the requirement to furnish a statement to the payer of record, see part *H* under *General Instructions*, earlier.

Report in:

Recipient's/Lender's Name and Address Box.—The name and address of the filer of Form 1098. Use this same name and address on Form 1096.

Payer's/Borrower's Name and Address Box.—The name and address of the person who paid the interest (payer of record).

Note: *Be careful to enter the recipient's and payer's information in the proper boxes.*

Box 1.—The interest received on the mortgage from borrowers during the calendar year. Include interest on a mortgage, a home equity loan, or a line of credit or credit card loan secured by real property. Do not include points, government subsidy payments, seller payments, or prepaid interest that does not meet the exception explained earlier under *Points and Other Prepaid Interest.* Interest includes prepayment penalties and late charges unless the late charges are for a specific service provided with respect to the mortgage.

Box 2.—Any other item you wish to report to the payer, such as real estate taxes, insurance, or if you are a collection agent, the name of the person for whom you collected the interest. This box is optional and is provided only for your convenience. You do not have to report to IRS any information provided in this box. You are not required to report the average balance of the mortgage.

Form 1099-A

File Form 1099-A, Information Return for Acquisition or Abandonment of Secured Property, for each borrower if you lend money in connection with your trade or business and, in full or partial satisfaction of the debt, you acquire an interest in property that is security for the debt, or you have reason to know that the property has been abandoned. You need not be in the business of lending money to be subject to this reporting requirement.

Property.—Property means real property (such as a personal residence), intangible property, or tangible personal property held for investment or used in a trade or business. No reporting is required for a loan made to an individual and secured by an interest in tangible personal property that is neither held for investment nor used in a trade or business. However, you must file Form 1099-A if the personal property is held for both personal use and either for use in a trade or business or for investment.

No reporting is required if the property securing the loan is located outside the U.S. and the borrower has furnished the lender a statement, under penalties of perjury, that the borrower is an exempt foreign person (unless the lender knows that the statement is false).

Who Must File.—In addition to the general rule specified above, the following rules apply.

If there are **multiple owners** of undivided interests in a single loan, such as is the case in pools, fixed investment trusts, or other similar arrangements, the trustee, record owner, or person acting in a similar capacity must file Form 1099-A on behalf of all the owners of beneficial interests or participations. In this case, only one form for each borrower must be filed on behalf of all owners with respect to the loan. Similarly, in the case of bond issues, only the trustee or similar person is required to report.

A **governmental unit,** or any of its agencies or instrumentalities, that lends money secured by property must file Form 1099-A.

A **subsequent holder** of a loan is treated as the lender for purposes of the reporting requirement for events occurring after the loan is transferred to the new holder.

If **more than one person lends** money secured by property and one lender forecloses or otherwise acquires an interest in the property and the sale or other acquisition terminates, reduces, or otherwise impairs the other lenders' security interests in the property, the other lenders must file Form 1099-A with respect to each of their loans. For example, if a first trust holder forecloses on a building, and the second trust holder knows or has reason to know of such foreclosure, the second trust holder must file Form 1099-A with respect to the second trust even though no part of the second trust was satisfied by the proceeds of the foreclosure sale.

Abandonment.—An abandonment occurs when the objective facts and circumstances indicate that the borrower intended to and has permanently discarded the property from use. You have "reason to know" of an abandonment based on all the facts and circumstances concerning the status of the property. You will be deemed to know all the information that would have been discovered through a reasonable inquiry when, in the ordinary course of business, the lender becomes aware or should become aware of circumstances indicating that the property has been abandoned. If you expect to commence a foreclosure, execution, or similar sale within 3 months of the date you had reason to know that the property was abandoned, reporting is required as of the date you acquire an interest in the property or a third party purchases the property at such sale. If you expect to but do not commence such action within 3 months, the reporting requirement arises at the end of the 3-month period.

Statements to Borrowers.—For information about the requirement of furnishing a statement to the borrower, see part *H* under *General Instructions*, earlier.

Report in:

Box 1.—The date of your acquisition of the secured property or the date you first knew or had reason to know that the property was abandoned. An interest in the property is generally acquired on the earlier of the date title is transferred to the lender or the date possession and the burdens and benefits of ownership are transferred to the lender. If an objection period is provided by law, use the date the objection period expires. If you purchase the property at a sale held to satisfy the debt, such as at a foreclosure or execution sale, use the later of the date of sale or the date the borrower's right of redemption expires. Please use the following format to indicate the date: MMDDYY. For example, for January 9, 1990, enter 010990.

For an abandonment, enter the date you knew or had reason to know that the property was abandoned unless you expect to commence a foreclosure, execution, or similar action within 3 months, as explained earlier. If a third party purchases the property at a foreclosure, execution, or similar sale, the property is treated as abandoned, and you have reason to know of its abandonment on the date of sale.

Box 2.—The balance of the debt outstanding at the time the interest in the property was acquired or on the date you first knew or had reason to know that the property was abandoned. Include only unpaid principal on the original debt. Do not include accrued interest or foreclosure costs.

Box 3.—For a foreclosure, execution, or similar sale, enter the gross foreclosure bid price accepted at the sale.

Box 4.—For recourse loans only, if an abandonment or a voluntary conveyance to the lender in lieu of foreclosure occurs, enter the appraised value of the property. For a foreclosure, execution, or similar sale, you are not required to enter the appraised value.

Box 5.—Whether the borrower was personally liable for repayment of the debt at the time the debt was created or, if modified, at the time of the last modification. Enter an "X" in the applicable box.

Box 6.—A general description of the property. For real property, generally you must enter the address of the property, or, if the address does not sufficiently identify the property, enter the section, lot, and block. For personal property, enter the applicable type, make, and model. For example, describe a car as "Car—1990 Buick Regal." Use a category such as "Office Equipment" to describe more than one piece of personal property, such as six desks and seven typewriters. Enter "CCC" for crops forfeited on Commodity Credit Corporation loans.

Form 1099-B

Any person, including a governmental unit and any agency or instrumentality thereof, doing business as a broker or barter exchange must file Form 1099-B, Statement for Recipients of Proceeds From Broker and Barter Exchange Transactions, for each person (a) for whom the broker has sold (including short sales) stocks, bonds, commodities, regulated futures contracts, foreign currency contracts, forward contracts, debt instruments, etc., or (b) who exchanged property or services through the barter exchange.

Note: *The threshold for filing Forms 1099-B on magnetic media was changed from* ***all to 250*** *or more. See Magnetic Media Reporting on page 3.*

Brokers

The term **broker** means a person that, in the ordinary course of a trade or business, stands ready to effect sales to be made by others. A corporation is a broker if it regularly stands ready to redeem its stock or retire its debt. However, if there are no facts that indicate otherwise, a corporation that purchases odd-lot shares from its stockholders is not a broker. If you manage a farm for someone else, you are not considered a broker.

For a sale of securities through a "cash on delivery" or similar account, only the broker that receives the gross proceeds from the sale against delivery of the securities sold is required to report the sale. However, if such broker's customer is a "second-party broker" that is an exempt recipient, only the second-party broker is required to report the sale.

If the proceeds of a sale are paid in convertible foreign currency, the amount to be reported must be converted into U.S. dollars. You may use the exchange rate on the sales date or the exchange rate on the last business day of the reporting period in which the sale occurs.

Brokers must report each transaction (other than regulated futures or foreign currency contracts) on a separate Form 1099-B. Transactions involving regulated futures or foreign currency contracts are to be reported on an aggregate basis.

To report substitute payments in lieu of dividends and tax-exempt interest, as required by section 6045(d), do not use Form 1099-B. See *Box 8* under *Form 1099-MISC*, later.

Form 8308, Report of a Sale or Exchange of Certain Partnership Interests, does not have to be filed if Form 1099-B is required for the transfer of the partnership interest.

No return is required by brokers for:

(1) Sales by exempt recipients. Common examples include corporations, charitable organizations, individual retirement plans, the United States, a state and political subdivisions.

(2) Sales initiated by dealers in securities and financial institutions.

(3) Sales by certain custodians and trustees.

(4) Sales at issue price of interests in certain regulated investment companies.

(5) Obligor payments on:

(a) Nontransferable obligations, such as savings bonds or CDs.

(b) Obligations for which gross proceeds are reported on other Forms 1099, such as stripped coupons issued prior to July 1, 1982.

(c) Retirement of short-term obligations with original issue discount (reported on Form 1099-INT). However, Form 1099-B is required for the retirement of short-term state obligations having no original issue discount.

(d) Callable demand obligations that have no premium or discount.

(6) Sales of foreign currency unless under a forward or regulated futures contract that requires delivery of foreign currency.

(7) Sales of fractional shares of stock if gross proceeds are less than $20.
(8) Retirements of book-entry or registered form obligations if no interim transfers have occurred.
(9) Exempt foreign persons.

Barter Exchanges

The term **barter exchange** means any person with members or clients who contract either with each other or with such person to trade or barter property or services either directly or through such person. The term does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis. Persons who are not a barter exchange but who trade services do not file Form 1099-B. However, they may be required to file Form 1099-MISC.

Barter exchanges must report each transaction involving noncorporate members or clients of a barter exchange on a separate Form 1099-B. Transactions involving corporate members or clients of a barter exchange may be reported on an aggregate basis.

No return is required by barter exchanges for:

(1) Exchanges through a barter exchange having less than 100 transactions during the calendar year.
(2) Exempt foreign persons.

Statements to Recipients.—For information about the requirement to furnish a statement to the proceeds recipient, see part *H* under *General Instructions,* earlier.

Report In:

Box 1a.—For broker transactions, the trade date of the sale or exchange. For barter exchanges, enter the date that cash, property, a credit, or scrip is actually or constructively received. Please use the following format to indicate the date: MMDDYY. For example, for January 9, 1990, enter 010990. For aggregate reporting, no entry is required.

Box 1b.—For transactional reporting by brokers, the CUSIP (Committee on Uniform Security Identification Procedures) number of the obligation.

Box 2.—The gross proceeds from any disposition of securities (including short sales), commodities, or forward contracts. To determine gross proceeds, you may take into account commissions and option premiums if this treatment is consistent with your books. You may not take into account state and local transfer taxes. Check the applicable box to indicate which amount has been reported to IRS. Do not include amounts shown in Boxes 6 through 9. Any accrued interest on bonds sold between payment dates should not be included in this box. Instead, report this accrued interest on Form 1099-INT. A loss from a closing transaction on a forward contract must be shown as a negative amount by enclosing it in parentheses.

Box 3.—Gross amounts received by a member or client of a barter exchange for goods or services. This includes cash received, property or services received, a credit on your books, or scrip issued. **Do not report negative amounts.**

Box 4.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you in the manner required are subject to withholding at a 20% rate on certain amounts required to be reported on this form.

Box 5.—For broker transactions, a brief description of the disposition item, *e.g.,* 100 shares of XYZ Corp. stock. If necessary, abbreviate the description so that it fits within Box 5. For regulated futures contracts and forward contracts, enter "RFC" or other appropriate description and **any amount subject to backup withholding**, under Q/A 23 of Temporary Regulations section 35a.9999-3. **Note:** *The amount withheld in these situations is to be included in Box 4.*

For bartering transactions, show the services or property provided.

Box 6.—The profit or (loss) realized by the customer on closed regulated futures or foreign currency contracts in 1990. For more information on reporting foreign currency contracts, see Q/A 26 of Temporary Regulations section 35a.9999-3.

Box 7.—The unrealized profit or (loss) on open regulated futures or foreign currency contracts at the end of 1989.

Box 8.—The unrealized profit or (loss) on open regulated futures or foreign currency contracts as of December 31, 1990.

Box 9.—The aggregate profit or (loss) for the year from regulated futures or foreign currency contracts. Use Boxes 6, 7, and 8 to figure the aggregate profit or (loss).

Form 1099-DIV

File Form 1099-DIV, Statement for Recipients of Dividends and Distributions, for each person (a) to whom you have paid gross dividends and other distributions on stock (Box 1a) of $10 or more, (b) for whom you have withheld and paid any foreign tax on dividends and other distributions on stock if the recipient can claim credit for the tax on his or her income tax return, (c) for whom you have withheld any Federal income tax under the backup withholding rules, or (d) to whom you paid $600 or more as part of a liquidation.

Note: *The threshold for filing Forms 1099-DIV on magnetic media was changed from more than* ***50*** *to* ***250*** *or more. See Magnetic Media Reporting on page 3.*

Section 404(k) Dividend.—Also, report on Form 1099-DIV dividends distributed under section 404(k) on stock held by an employee stock ownership plan (ESOP) or a tax credit ESOP. However, if a section 404(k) distribution is made in the same year as a total qualified distribution, the entire amount should be reported as an amount includible in income on Form 1099-R.

Exceptions.—You are not required to file Form 1099-DIV for payments made to certain payees including a corporation, a tax-exempt organization, an individual retirement arrangement (IRA), a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

Dividends.—See regulations under section 6042 for a definition of dividends.

Note: *Certain distributions commonly referred to as "dividends" are actually interest and are to be reported on Form 1099-INT. These include so-called "dividends" on deposit or on share accounts in cooperative banks, credit unions, domestic building and loan associations, domestic and Federal savings and loan associations, and mutual savings banks.*

An exempt-interest dividend from a regulated investment company retains its tax-exempt status and is not reported on Form 1099-DIV or 1099-INT.

Substitute Payments in Lieu of Dividends.—For payments received by a broker on behalf of a customer in lieu of dividends as a result of the transfer of a customer's securities for use in a short sale, see *Box 8* under *Form 1099-MISC,* later.

RICs.—If a regulated investment company (RIC) declares a dividend in October, November, or December payable to shareholders of record on a specified date in such a month, the dividends are treated as paid by the RIC and received by the shareholders on December 31 of such year as long as the dividends are actually paid by the RIC during January of the following year. Such dividends should be reported on Form 1099-DIV for the year preceding the January they are actually paid. See section 852(b)(7).

Restricted Stock.—For information about reporting dividends on restricted stock, see Rev. Procs. 80-11, 1980-1 C.B. 616, and 83-38, 1983-1 C.B. 773, and Rev. Rul. 83-22, 1983-1 C.B. 17.

Statements to Recipients.—For an explanation of the requirement to furnish an official form to recipients in person or by statement mailing, see part *H* under *General Instructions,* earlier. Also see Publication 1179.

Report In:

Box 1a.—Gross dividends, including those from money market funds, and other distributions on stock. Include reinvested dividends as gross dividends. Also, include amounts shown in Boxes 1b, 1c, 1d, and 1e. Do not include in Box 1a amounts reported in Boxes 5 and 6.

Box 1b.—Ordinary dividends. Also include this amount in Box 1a.

Box 1c.—Capital gain distributions. Also include this amount in Box 1a.

Box 1d.—Nontaxable distributions, if determinable. Also include this amount in Box 1a. (File **Form 5452,** Corporate Report of Nondividend Distributions, if you pay nontaxable distributions to shareholders.)

Box 1e.—The stockholder's pro rata share of certain amounts deductible by a nonpublicly offered regulated investment company in computing its taxable income. This amount is includible in the stockholder's gross income under section 67(c) and must also be included in Box 1a.

Box 2.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you in the manner required are subject to withholding at a 20% rate on certain dividend payments reported on this form.

Box 3.—Foreign tax withheld and paid on dividends and other distributions on stock. Report this amount in U.S. dollars.

Box 4.—The name of the foreign country or U.S. possession to which the withheld tax applies.

Note: *Boxes 5 and 6 apply only to corporations in partial or complete liquidation.*

Box 5.—Cash distributed as part of a liquidation. Do not include this amount in Box 1a.

Box 6.—Noncash distributions made as part of a liquidation. Show the fair market value as of the date of distribution. Do not include this amount in Box 1a.

S Corporations

Box 1a.—Report as dividends on Form 1099-DIV only distributions made during 1990 out of accumulated earnings and profits. See section 1368 for more information.

Form 1099-G

File Form 1099-G, Statement for Recipients of Certain Government Payments, if you have made payments as a unit of a Federal, state, or local government.

Statements to Recipients.—Furnish a copy of Form 1099-G or a statement to each recipient, except as explained below under *Box 2.* Also see part *H* under *General Instructions,* earlier.

Report In:

Box 1.—Payments of $10 or more in unemployment compensation including Railroad Retirement Board payments for unemployment.

Box 2.—Refunds, credits, or offsets of state or local income tax of $10 or more you made to recipients. If recipients deducted the tax paid to a state or local government on their Federal income tax returns, any refunds, credits, etc., may be taxable to them. If you can determine that the recipient did not claim itemized deductions on the recipient's Federal income tax return for the tax year giving rise to the refund, credit, or offset, you are not required to furnish a copy of Form 1099-G or a statement to the recipient. However, you must file Form 1099-G with IRS in all cases.

A tax on dividends, a tax on net gains from the sale or exchange of a capital asset, and a tax on the net taxable income of an unincorporated business are taxes on gain or profit rather than on gross receipts. Therefore, they are income taxes, and any refund, credit, or offset of $10 or more of these taxes is reportable on Form 1099-G. In the case of the dividends tax and the capital gains tax, if you determine that the recipient did not itemize deductions, as explained above, you are not required to furnish a statement to the recipient. However, in the case of the tax on unincorporated businesses, you must furnish a statement to the recipient in all cases, as this is a tax that applies exclusively to income from a trade or business. See the instructions for Box 8 and Rev. Rul. 86-140, 1986-2 C.B. 195.

Box 3.—No entry is required in Box 3 if the refund, credit, etc., is for the 1989 tax year. If it is for any other tax year, enter the year for which the refund, credit, etc., was made in this box. Also, if the refunds, credits, etc., are for more than one tax year, report the amount for each year on a separate Form 1099-G. "YYYY" is preprinted to show the format for making an entry in this box. For example, enter 1988, not '88.

Box 4.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you become subject to withholding at a 20% rate on payments required to be reported in Box 6 or 7 on this form.

Box 5.—Any amount in excess of $600 that was owed to the Federal Government and that has been declared uncollectible. Include in the amount you report the principal amount owed on the debt, administrative costs, and interest. Report only 90% of accrued and uncollected interest in 1990.

A Federal agency must report forgiveness of indebtedness when the agency determines that the debt is not collectible and no further efforts to collect the debt will be made or a formal compromise agreement has been entered into. The agency need not wait until the statute of limitations has expired to declare a debt uncollectible.

Report the difference between the outstanding balance of the debt and the amount accepted as payment in full if a debt is compromised because (1) the debtor cannot pay the debt within a reasonable time or refuses to pay the debt in full and the Government cannot enforce collection in full within a reasonable time, or (2) the cost of collecting the claim does not justify the enforced collection of the full amount. However, if a debt is compromised because there is real doubt of the Government's ability to prove its case in court for the full amount claimed, then do not report the compromised amount.

Do not report any obligation discharged in a Title 11 bankruptcy case or amounts discharged for a debtor to the extent the debtor is insolvent.

Box 6.—Any amount of a taxable grant administered by a Federal, state, or local program to provide subsidized energy financing or grants for projects designed to conserve or produce energy, but only with respect to section 38 property or a dwelling unit located in the U.S. Also report amounts of other taxable grants of $600 or more. A Federal grant is ordinarily taxable unless stated otherwise in the legislation authorizing the grant.

Box 7.—U.S.D.A. agricultural subsidy payments made to recipients during the year. If you are a nominee that received subsidy payments for another person, file Form 1099-G to report the actual owner of the payments, and report the amount of the payments in Box 7.

Box 8.—If the amount in Box 2 is a refund, credit, or offset attributable to an income tax that applies exclusively to income from a trade or business and is not a tax of a general application, please enter an "X" in this box.

Form 1099-INT

File Form 1099-INT, Statement for Recipients of Interest Income, for each person (1) to whom you paid amounts reportable in Boxes 1 and 3 of at least $10 (except for the $600 limit described in the instructions below in *Box 1*), (2) for whom you withheld and paid foreign tax on interest, or (3) from whom you withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment.

Only report interest payments made in the course of your trade or business including Federal, state, and local government agencies and activities deemed nonprofit, or for which you were a nominee/middleman.

Note: *The threshold for filing Forms 1099-INT on magnetic media was changed from more than* ***50*** *to* ***250*** *or more. See Magnetic Media Reporting on page 3.*

Exceptions.—You are not required to file Form 1099-INT for payments made to certain payees including a corporation, a tax-exempt organization, an individual retirement arrangement (IRA), a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

Note: *Do not report tax-exempt or tax-deferred interest, such as interest on municipal bonds or interest that is earned but not distributed from an individual retirement arrangement (IRA).*

An exempt-interest dividend from a regulated investment company retains its tax-exempt status and is not reported on Form 1099-INT or 1099-DIV.

Statements to Recipients.—For an explanation of the requirement to furnish an official form to recipients in person or by statement mailing, see part *H* under *General Instructions,* earlier. Also see Publication 1179. If you have furnished Forms 1099-INT to a recipient for amounts received during the year at the time of the transaction, such as you might have done for window transactions, do not include these same amounts in a Form 1099-INT furnished to the same recipient for other payments during the year.

Report In:

Payer's RTN (optional).—If you are a financial institution that wishes to participate in the program for direct deposit of refunds of electronic filers, you may enter your routing and transit number (RTN).

Box 1.—Amounts, whether or not designated as interest, that are paid or credited to any person's account by savings and loan associations, mutual savings banks not having capital stock represented by shares, building and loan associations, cooperative banks, homestead associations, credit unions, or similar organizations. Include interest on bank deposits, accumulated dividends paid by a life insurance company, indebtedness (including bonds, debentures, notes and certificates other than those of the U.S. Treasury) issued in registered form or of a type offered to the public, or from which you withheld Federal income tax or foreign tax. Also include interest paid in the course of your trade or business not meeting these criteria, such as interest on delayed death benefits paid by a life insurance company, if the interest totals $600 or more for any person. In addition, report interest accrued to a REMIC regular interest holder or paid to a CDO holder, as explained below.

Also show original issue discount on short-term obligations of one year or less and interest on all bearer certificates of deposit.

Do not include in Box 1 interest on tax-free covenant bonds, which is reportable on **Form 1042S,** Foreign Person's U.S. Source Income Subject to Withholding, or dividends

from money market funds, which are reportable on Form 1099-DIV. Also, do not include any description in Box 1. If you wish to show a description, use the blank box above Box 1.

Box 2.—Interest or principal forfeited because of an early withdrawal of time deposits, such as an early withdrawal from a CD, that are deductible from gross income by the recipient. Do not reduce the amount reported in Box 1 by the amount of the forfeiture. For detailed instructions for determining the amount of forfeiture deductible by the depositor, see Rev. Ruls. 75-20, 1975-1 C.B. 29, and 75-21, 1975-1 C.B. 367.

Box 3.—Interest on U.S. Savings Bonds, Treasury bills, Treasury notes, and Treasury bonds. Do not include this amount in Box 1.

If you make payment on a U.S. Savings Bond or other U.S. obligation on which interest is reportable, enter your name, address, and Federal identification number on Forms 1099-INT and 1096, not those of the U.S. Treasury Department or the Bureau of Public Debt.

Box 4.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you in the manner required become subject to withholding at a 20% rate on payments required to be reported in Box 1 (which may be reduced by the amount reported in Box 2) and Box 3 on this form.

Box 5.—Foreign tax withheld and paid on interest. Report this amount in U.S. dollars.

Box 6.—The name of the foreign country or U.S. possession to which the withheld tax applies.

REMICs and Issuers of Collateralized Debt Obligations.—File Form 1099-INT to report interest of $10 or more, other than original issue discount (OID), accrued to a REMIC regular interest holder during the year or paid to the holder of a collateralized debt obligation (CDO). If you are also reporting OID, this interest and the OID can be reported on Form 1099-OID. It is not necessary to file both Forms 1099-INT and 1099-OID. See *Form 1099-OID*, later.

REMICs, issuers of CDOs, and any broker or middleman who holds as a nominee a REMIC regular interest or CDO must file.

Report in Box 1 of Form 1099-INT any amount of interest, other than OID, accrued to each REMIC regular interest holder or paid to a CDO holder. If you are a single class REMIC (as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)), include in Box 1 the regular interest holder's share of investment expenses of the REMIC for the year. You must also provide a statement to the regular interest holder of the amount of expenses paid or accrued during the calendar year for which the REMIC is allowed a deduction under section 212.

You are not required to file or issue Form 1099-INT for exempt recipients including the following holders of a REMIC regular interest or a CDO:

(1) A corporation.

(2) A broker.

(3) A middleman/nominee.

(4) A financial institution.

For additional exempt recipients, see Temporary Regulations section 1.6049-7T(c).

You must furnish a statement to the REMIC regular interest or CDO holder containing the information shown on Form 1099-INT including the legend shown on Copy B of the official form and an indication of which items are being furnished to IRS. The statement must also provide information necessary to compute accrual of market discount as specified in Temporary Regulations section 1.6049-7T(f)(2)(i)(G).

In addition, the statement furnished by a REMIC must show the percentage of the REMIC's assets that are qualifying real property loans under section 593, that are real estate assets under section 856(c)(6)(B), and that are assets of a domestic building and loan association under section 7701(a)(19), any of which is computed using the average adjusted basis of the REMIC's assets during the calendar quarter. For any quarter, if the percentage of the REMIC's assets for a category is at least 95%, it is sufficient to merely specify that the percentage was at least 95% for that category and calendar quarter.

If less than 95% of the REMIC's assets are real estate assets, see Temporary Regulations section 1.6049-7T(f)(3)(ii) for information required to be reported to a real estate investment trust (REIT) that holds a regular interest.

The statement must be furnished to holders by March 15. To meet the statement requirement, you may furnish to the REMIC regular interest or CDO holder a copy of Form 1099-INT and a separate statement containing the additional information.

For information about reporting income to REMIC residual interest holders, see the instructions for **Schedule Q (Form 1066),** Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation.

Form 8811 and Reporting by Brokers or Middlemen.—REMICs and issuers of CDOs must also file **Form 8811,** Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the startup day of the REMIC or issue date of a CDO. IRS will use the information on Forms 8811 to publish **Pub. 938,** Real Estate Mortgage Investment Conduits (REMICs) Reporting Information, for use by certain brokers, middlemen, corporations, and others specified in Temporary Regulations section 1.6049-7T(e)(4). At the request of any such person, a REMIC or CDO issuer must furnish the information specified in Temporary Regulations section 1.6049-7T(e)(2) by the later of 30 days after the end of the calendar quarter for which the information was requested or 2 weeks after receipt of the request.

A broker or middleman who holds a REMIC regular interest or CDO for a corporation, non-calendar year taxpayer, or any exempt recipient specified in Temporary Regulations section 1.6049-7T(c)(9) through (14) must likewise provide, on request, that information to the requester by the later of 45 days after the close of the calendar quarter for which the information was requested or 45 days after receipt of the request. However, if the request is made for the last calendar quarter of the year, the information must be furnished by the later of 45 days after receipt of the request or March 15.

Form 1099-MISC

File Form 1099-MISC, Statement for Recipients of Miscellaneous Income, for each person, other than corporations (Boxes 6 and 8 must be reported to corporations), to whom you have paid: (1) at least $10 in royalties or broker payments in lieu of dividends or in lieu of tax-exempt interest (see *Box 8*), (2) at least $600 in rents, payments for services (including payment for parts and materials), prizes and awards, and other payments, or medical and health care payments, or (3) any fishing boat proceeds. In addition, use Form 1099-MISC to report that direct sales of at least $5,000 of consumer products were made to a buyer for resale. You must also file Form 1099-MISC for each person from whom you have withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment. Report only payments made in the course of your trade or business, including Federal, state, or local government agencies and activities deemed nonprofit.

Exceptions.—Some payments are not required to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC is not required include: (1) payments to a corporation, except those required to be reported in Boxes 6 and 8, (2) payments for merchandise, (3) payments of rent paid to real estate agents, (4) wages and travel allowances paid to employees (report on Form W-2), and (5) PS 58 costs (report on Form W-2P if a total distribution was not made during the year or on a separate Form 1099-R if a total distribution was made during the year). See below for additional payments not reportable on Form 1099-MISC.

Scholarships.—DO NOT use this form to report scholarship or fellowship grants. Scholarship or fellowship grants that are taxable to the recipient because they are paid for teaching, research, or other services as a condition for receiving the grant are considered wages and must be reported on Form W-2. Other taxable scholarship or fellowship payments are not required to be reported by you to IRS on any form. See Notice 87-31, 1987-1 C.B. 475, for more information.

Fees Paid to Informants.—A payment to an informant as an award, fee, or reward for information about criminal activity is not required to be reported if the payment is made by a Federal, state, or local government agency, or by a nonprofit organization exempt from tax under section 501(c)(3) that makes the payment to further the charitable purpose of lessening the burdens of government. For more information, see Regulations section 1.6041-3(n).

Directors' Fees.—Directors' fees reportable on Form 1099-MISC are reportable in the year paid even though they may be subject to self-employment social

security tax in a prior year because they were earned in that prior year.

Wages Paid to Estate or Beneficiary.—Payments to an estate or beneficiary for wages or other compensation of a deceased employee must be reported on Form 1099-MISC. In addition, they may be reportable on Form W-2. See Rev. Rul. 86-109, 1986-2 C.B. 196, for the reporting requirements.

Statements to Recipients.—For information about the requirement of furnishing a statement to each recipient, see part *H* under *General Instructions*, earlier.

Report In:

Box 1.—Amounts paid to recipients for all types of rents, such as real estate rentals paid for office space (unless paid to a real estate agent), machine rentals (for example, hiring a bulldozer to level your parking lot), and pasture rentals (for example, farmers paying for the use of grazing land). If the machine rental is part of a contract that includes both the use of the machine and the operator, the rental should be prorated between the rent of the machine (reported in Box 1) and the operator's charge (reported as nonemployee compensation in Box 7). Public housing agencies must report in Box 1 rental assistance payments made to owners of housing projects. See Rev. Rul. 88-53, 1988-1 C.B. 384.

Box 2.—Gross royalty payments of $10 or more before reduction for severance and other taxes that may have been withheld and paid. Include in this box royalties paid by a publisher directly to an author or literary agent or paid by a literary agent to an author. Do not include surface royalties. They should be reported in Box 1. Do not report oil or gas payments for a working interest in Box 2; report working interests in Box 7.

Box 3.—Prizes and awards that are not for services rendered. Prizes or awards for services rendered by employees should be reported on Form W-2. Prizes and awards for services rendered by nonemployees, such as an award for the top commission salesperson, are reported in Box 7. Include the fair market value of merchandise won on game shows.

Prizes and awards received in recognition of past accomplishments in religious, charitable, scientific, artistic, educational, literary, or civic fields are not reportable if (1) the winners are chosen without action on their part, (2) the winners are not expected to perform future services, **AND** (3) the payer transfers the prize or award to a charitable organization or governmental unit pursuant to a designation made by the recipient. See Rev. Proc. 87-54, 1987-2 C.B. 669.

Also report in this box any payment required to be reported on Form 1099-MISC that should not be reported in one of the other boxes on the form. For example, report punitive damages paid in cases that do not involve physical injury or sickness.

Box 4.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you become subject to withholding at a 20% rate on payments required to be reported in Boxes 1, 2 (net of severance taxes), 3, 5 (to the extent paid in cash), 6, 7, 8, and 10 on this form.

Box 5.—The share of all proceeds from the sale of a catch or the fair market value of a distribution in kind to each crew member of fishing boats with normally fewer than 10 crew members.

Box 6.— Payments in the course of your trade or business to each physician or other supplier or provider of medical or health care services, including payments made by medical and health care insurers under health, accident, and sickness insurance programs. In the case of a corporation, list the corporation as the recipient rather than the individual providing the services. See Rev. Ruls. 69-595, 1969-2 C.B. 242, and 70-608, 1970-2 C.B. 286.

The exemption for issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations

Box 7.—Nonemployee compensation. Include fees, commissions, prizes and awards for services rendered, or other forms of compensation for services rendered for your trade or business by an individual who is not your employee. Include oil and gas payments for a working interest, whether or not services are performed. Also include expenses incurred for the use of an entertainment facility that you treat as compensation to a nonemployee. Do not report in Box 7, nor elsewhere on Form 1099-MISC, PS 58 costs or an employee's wages, travel or auto allowance, or Christmas bonuses.

If the following four conditions are met, a payment is generally reportable as nonemployee compensation: (1) You made the payment to someone who is not your employee; (2) You made the payment for services rendered in the course of your trade or business (including government agencies and nonprofit organizations); (3) You made the payment to someone other than a corporation, *e.g.*, an individual or a partnership; and (4) You made payments to the payee of at least $600 during the year.

Examples of payments to be reported in Box 7 are:

(1) Attorneys' and accountants' fees for professional services.

(2) Fees paid by one professional to another, such as fee-splitting or referral fees.

(3) Payments by attorneys to witnesses or experts in legal adjudication.

(4) Payment for services, including payment for parts or materials used to render the services, unless the person rendering services is in the business of selling parts and materials. For example, report the total insurance company payments to an auto repair shop under a repair contract indicating an amount for labor and another amount for parts, as long as the repair shop does not hold itself out as a parts dealer.

(5) Commissions paid to nonemployee salespersons, subject to repayment but not repaid during the calendar year.

(6) A fee paid to a nonemployee and travel reimbursement for which the nonemployee did not account to the payer if the fee and reimbursement aggregate at least $600.

(7) Payments to nonemployee entertainers for services.

(8) Exchanges of services between individuals in the course of their trades or businesses. For example, an attorney represents a painter for nonpayment of business debts in exchange for the painting of the attorney's law offices. The amount reportable by each on Form 1099-MISC is the fair market value of his or her own services rendered. However, if the attorney represents the painter in a divorce proceeding, the attorney must report on Form 1099-MISC the value of his or her services, but the painter need not report. The payment by the painter is not made in the course of the painter's trade or business, even though the painting services are of the type normally performed in the course of the painter's trade or business.

(9) Taxable fringe benefits for nonemployees. For information on valuation of fringe benefits, see **Publication 535**, Business Expenses.

(10) Gross oil and gas payments for a working interest.

Note: *To qualify for relief under section 530 of the Revenue Act of 1978 as extended by section 296(c) of Pub. L. 97-248, relating to the employment tax status of independent contractors and employees, employers must file Form 1099-MISC. Additional requirements for relief are discussed in Rev. Proc. 85-18, 1985-1 C.B. 518. Also see Notice 87-19, 1987-1 C.B. 455, for special rules that may apply to certain skilled workers, such as engineers, designers, drafters, computer programmers, and systems analysts, and Rev. Rul. 87-41, 1987-1 C.B. 296.*

Golden Parachute Payments.—A typical golden parachute payment is one made by a corporation to a certain officer, shareholder, or highly compensated individual when a change in the ownership or control of the corporation occurs or when a change in the ownership of a substantial part of the corporate assets occurs. See section 280G for more information.

In Box 7 report any excess golden parachute payments paid to a nonemployee. Enter the letters "EPP" next to this amount. Also enter the total compensation, including any golden parachute payments. Your entry should be in the following format:

300000EPP
400000

Box 8.—Aggregate payments of at least $10 received by a broker on behalf of a customer in lieu of dividends or tax-exempt interest as a result of the transfer of a customer's securities for use in a short sale. Form 1099-MISC must be filed with IRS and furnished to the customer on whose behalf you received the payment. However, for substitute payments in lieu of dividends, do not file Form 1099-MISC nor furnish it to your customer if your customer is an **individual**, unless you have reason to know on the record date of the dividend payment that such substitute dividend payment is in lieu of (1) an exempt-interest dividend, (2) a

capital gain dividend, (3) a return of capital, or (4) a dividend subject to a foreign tax credit. Form 1099-MISC is required to be filed for and furnished to an individual on whose behalf you received a payment in lieu of tax-exempt interest. If you are not required to make a report on Form 1099-MISC for substitute dividends of at least $10, you must report the substitute dividends on Form 1099-DIV.

Substitute payment means a payment in lieu of: (1) tax-exempt interest to the extent that interest (including OID) has accrued while the short sale was open, and (2) a dividend, if the ex-dividend date is after the transfer of stock for use in a short sale and before the closing of the short sale.

Box 9.—Sales by you of $5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other commission basis for resale (by the buyer or any other person) anywhere other than in a permanent retail establishment. Enter an "X" in the checkbox in Box 9. No dollar amount is needed.

If you are reporting an amount in Box 7, you may also check Box 9 on the same Form 1099-MISC.

The report required to be given to the recipient for these direct sales need not be made on the official form. It may be in the form of a letter showing this information along with commissions, prizes, awards, etc.

Box 10.—Crop insurance proceeds paid to farmers by insurance companies, unless the farmer has informed the insurance company that expenses have been capitalized under section 278, 263A, or 447.

Boxes 11 and 12.—These boxes, and Copies 1 and 2, are provided for your convenience only and need not be completed for IRS. If you withhold state income tax, you may enter it in Box 11. In Box 12, enter the abbreviated name of the state and the payer's state identification number, assigned by the state. Copy 1 may be used to provide information to the state, and Copy 2 may be used as the recipient's copy for use in filing the state income tax return.

Form 1099-OID

File Form 1099-OID, Statement for Recipients of Original Issue Discount, if the original issue discount (OID) includible in gross income is at least $10 and you are any of the following: (1) an issuer with any bond outstanding or other evidence of indebtedness in registered or bearer form issued with OID; (2) an issuer of certificates of deposit made, purchased, or renewed after 1970 if the term of the obligation or deposit is more than one year; (3) a financial institution having other deposit arrangements, such as time deposits or bonus-savings plans having a term in excess of one year provided the payment of interest is deferred until maturity; (4) a broker or other middleman holding an OID obligation, including certificates of deposit (CDs), as nominee for the actual owner, or (5) a real estate mortgage investment conduit (REMIC) or issuer of a collateralized debt obligation (CDO). Also, file Form 1099-OID in any case in which you are required to deduct and withhold taxes even if the amount of the OID is less than $10.

Note: *The threshold for filing Forms 1099-OID on magnetic media was changed from more than* ***50*** *to* ***250*** *or more. See Magnetic Media Reporting on page 3.*

Original Issue Discount.—Original issue discount means the difference between the stated redemption price at maturity and the issue price of a debt instrument. In the case of a stripped bond or coupon, OID is the difference between the stated redemption price at maturity and the acquisition price. A discount of less than one-fourth of 1% of the stated redemption price at maturity, multiplied by the number of full years from the date of issue to maturity, is considered to be zero.

Reporting OID.—Issuers that do not use actual dates of ownership by holders in computing the discount are permitted to prepare a Form 1099-OID only for each person who is a holder of record of the obligations on the semiannual record date, if any, used by the corporation or its agent for the payment of stated interest or, if there is no such date, on June 30 and December 31. If you use this method, on each Form 1099-OID, treat each holder as holding the obligation on every day it was outstanding during the calendar year. However, for time deposits and face-amount certificates, use the actual date of deposit to compute OID. For REMICs and CDOs, see the discussion about REMICs and CDOs, later.

Caution: *Semiannual record date reporting is proposed to be eliminated for tax year 1991. See Items You Should Note on page 1.*

Ordinarily, you will file only one Form 1099-OID for the depositor or holder of a particular obligation for the calendar year. If a person holds more than one discount obligation, issue separate Forms 1099-OID for each obligation. However, if a person holds more than one certificate of the same issue for the same period of time during the calendar year, and if Form 1099-OID amounts are proportional, you may treat all such certificates as one discount obligation and file a single Form 1099-OID.

For time deposits and face-amount certificates, use the actual date of deposit and compute OID on a straight line, monthly prorated basis for obligations issued before July 2, 1982, and on a daily economic accrual basis for obligations issued after July 1, 1982.

If you are a broker or middleman who holds a bank CD as nominee, whether or not you sold the CD to the owner, you must determine the amount of OID includible in the income of the owner, if any, and report it on Form 1099-OID.

Publication 1212, List of Original Issue Discount Instruments, contains information on certain outstanding publicly traded discount obligations.

Issuers of certain publicly offered debt instruments having OID must file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments, within 30 days after the date of issuance. The information provided on that form will enable IRS to update Pub. 1212. See Form 8281 for details.

Exceptions.—You are not required to file Form 1099-OID for payments made to certain payees including a corporation, a tax-exempt organization, an individual retirement arrangement (IRA), a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

Do not report interest on U.S. Savings Bonds on this form. Report it on Form 1099-INT. Also report original issue discount on obligations with a term of one year or less on Form 1099-INT.

Statements to Recipients.—For an explanation of the requirement to furnish an official form to recipients in person or by statement mailing, see part *H* under *General Instructions*, earlier. Also see Publication 1179.

Report in:

Box 1.—The total OID for the calendar year on the obligation if you are using semiannual record date reporting. If you are not using that method, report the OID on the obligation for the part of the year it was owned by the record holder. For REMICs and CDOs, see the discussion about REMICs and CDOs, later.

Box 2.—Any interest other than OID paid or credited on this obligation during the year. Some OID instruments pay regular interest, in addition to the OID, at certain intervals during the life of the instrument. However, if OID is the only interest on this obligation, leave this box blank. Interest reported here must not be reported on Form 1099-INT. For REMICs and CDOs, see the discussion about REMICs and CDOs, later.

Box 3.—Amounts of interest or principal forfeited because of an early withdrawal, such as an early withdrawal from a CD, that are deductible from gross income by the recipient. Do not reduce the amounts in Boxes 1 and 2 by the amount of the forfeiture. For detailed instructions for determining the amount of forfeiture deductible by the holder, see Rev. Ruls. 75-20, 1975-1 C.B. 29, and 75-21, 1975-1 C.B. 367.

Box 4.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you in the manner required become subject to withholding at a 20% rate on amounts required to be reported in Boxes 1 and 2 (which may be reduced by the amount reported in Box 3) limited to the cash paid on these obligations.

Box 5.—The CUSIP number, if any; if there is no CUSIP number, the abbreviation for the stock exchange, the abbreviation for the issuer used by the stock exchange, the coupon rate, and the year of maturity (*e.g.*, NYSE XYZ 12½ 95). If the issuer of the obligation is other than the payer, show the name of the issuer. If Box 1 shows the total OID on the obligation for the calendar year because you use semiannual record date reporting, enter the word "Total." If Box 1 shows the OID on the obligation for the part of the year the recipient owned it because you use actual dates of ownership, enter the word "Actual."

REMICs and Issuers of Collateralized Debt Obligations.—File Form 1099-OID to report OID of $10 or more accrued to a REMIC regular interest holder or a holder of a collateralized debt obligation (CDO). Also use Form 1099-OID to report other interest accrued to a REMIC regular interest holder during the year or paid to a holder of a CDO.

Use Form 1099-INT to report interest if no OID is includible in the regular interest holder's or CDO holder's income for the year.

REMICs, issuers of CDOs, and any broker or middleman who holds as a nominee a REMIC regular interest or CDO must file.

Report in Box 1 the aggregate amount of OID includible in the gross income of each REMIC regular interest or CDO holder for the period during the year for which the return is made.

Report in Box 2 any amount of interest, other than OID, accrued to each REMIC regular interest holder or paid to each CDO holder. If you are a single class REMIC (as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)), include in Box 2 the regular interest holder's share of investment expenses of the REMIC for the year. You must also provide a statement to the regular interest holder of the amount of expenses paid or accrued during the calender year for which the REMIC is allowed a deduction under section 212.

You are not required to file or issue Form 1099-OID for exempt recipients including the following holders of a REMIC regular interest or a CDO:

(1) A corporation.

(2) A broker.

(3) A middleman/nominee.

(4) A financial institution.

For additional exempt recipients, see Temporary Regulations section 1.6049-7T(c).

You must furnish a statement to the REMIC regular interest or CDO holder containing the information shown on Form 1099-OID including the legend shown on Copy B of the official Form 1099-OID and an indication of which items on the statement are being furnished to IRS. In addition, the statement must show (1) the daily portion of OID per unit of original principal amount as determined under section 1272(a)(6) and the regulations thereunder for each accrual period and specify the unit of original principal amount if other than $1,000, (2) the length of the accrual period, (3) the adjusted issue price (as defined in section 1275(a)(4)(B)(ii)) of the REMIC regular interest or the CDO at the beginning of each accrual period with respect to which interest income is required to be reported, and (4) information necessary to compute accrual of market discount as specified in Temporary Regulations section 1.6049-7T(f)(2)(ii)(K).

In addition, the statement furnished by a REMIC must show the percentage of the REMIC's assets that are qualifying real property loans under section 593, that are real estate assets under section 856(c)(6)(B), and that are assets of a domestic building and loan association under section 7701(a)(19), any of which is computed using the average adjusted basis of the REMIC's assets during the calendar quarter. For any quarter, if the percentage of the REMIC's assets for a category is at least 95%, it is sufficient to merely specify that the percentage was at least 95% for that category and calendar quarter.

If less than 95% of the REMIC's assets are real estate assets, see Temporary Regulations section 1.6049-7T(f)(3)(ii) for information required to be reported to a real estate investment trust (REIT) that holds a regular interest.

The statement must be furnished to holders by March 15. To meet the statement requirement, you may furnish to the REMIC regular interest or CDO holder a copy of Form 1099-OID and a separate statement containing the additional information.

For information about reporting income to REMIC residual interest holders, see the instructions for **Schedule Q (Form 1066)**, Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation.

Form 8811 and Reporting by Brokers or Middlemen.—REMICs and issuers of CDOs must also file **Form 8811**, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the startup day of the REMIC or issue date of a CDO. IRS will use the information on Forms 8811 to publish **Pub. 938**, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information, for use by certain brokers, middlemen, corporations, and others specified in Temporary Regulations section 1.6049-7T(e)(4). At the request of any such person, a REMIC or CDO issuer must furnish the information specified in Temporary Regulations section 1.6049-7T(e)(2) by the later of 30 days after the end of the calendar quarter for which the information was requested or 2 weeks after receipt of the request.

A broker or middleman who holds a REMIC regular interest or CDO for a corporation, non-calendar year taxpayer, or any exempt recipient specified in Temporary Regulations section 1.6049-7T(c)(9) through (14) must likewise provide, on request, that information to the requester by the later of 45 days after the close of the calendar quarter for which the information was requested or 45 days after receipt of the request. However, if the request is made for the last calender quarter of the year, the information must be furnished by the later of 45 days after receipt of the request or March 15.

Form 1099-PATR

File Form 1099-PATR, Statement for Recipients (Patrons) of Taxable Distributions Received From Cooperatives, for each person to whom the cooperative has paid at least $10 in patronage dividends and other distributions described in section 6044(b), or from whom you withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment. A cooperative determined to be primarily engaged in the retail sale of goods or services that are generally for personal, living, or family use of the members may ask for and receive exemption from certain IRS reporting requirements. See **Form 3491**, Consumer Cooperative Exemption Application, for information about how to apply for this exemption.

Report dividends paid on cooperatives' capital stock on Form 1099-DIV.

Note: *The threshold for filing Forms 1099-PATR on magnetic media was changed from more than **50** to **250** or more. See Magnetic Media Reporting on page 3.*

Statements to Recipients.—For an explanation of the requirement to furnish an official form to recipients in person or by statement mailing, see part *H* under *General Instructions*, earlier. Also see Publication 1179.

Report In:

Box 1.—The total patronage dividends paid in cash (qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (except nonqualified written notices of allocation).

Box 2.—The total nonpatronage distributions paid in cash (qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (not including nonqualified written notices of allocation). This box is applicable only to farmers' cooperatives exempt from tax under section 521.

Box 3.—The total per-unit retain allocations paid in cash, qualified per-unit retain certificates (face amount), and other property.

Box 4.—Backup withholding. For example, persons who have not furnished their taxpayer identification number to you in the manner required become subject to withholding at a 20% rate on payments required to be reported in Boxes 1, 2, 3, and 5 to the extent such payments are in cash or qualified check. See Q/A 10 of Temporary Regulations section 35a.9999-3 for more information on backup withholding by cooperatives.

Box 5.—All redemptions of nonqualified written notices of allocation issued as patronage dividends, nonqualified written notices of allocation issued as nonpatronage allocations (applicable only to farmers' cooperatives qualifying under section 521), and nonqualified per-unit retain certificates, issued with respect to marketing.

Pass-Through Credits.—Report in the appropriate boxes the patron's share of unused credits that the cooperative is passing through to this patron:

Box 6.—Investment credit.

Box 7.—Energy investment credit.

Box 8.—Jobs credit.

Box 9.—Low-income housing credit.

Form 1099-R

File Form 1099-R, Statement for Recipients of Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc., for each person to whom you have made any designated distribution that is a total distribution from profit-sharing or retirement plans, IRAs, annuities, etc., whether or not you withheld Federal income tax. If part of the distribution is taxable and part is nontaxable, file a Form 1099-R reporting the entire distribution. However, if the total amount of the gross distribution paid to someone for the year is less than $1, a Form 1099-R need not be filed for that person. Also report death benefit payments not made as part of a pension, profit-sharing, or retirement plan. For loans treated as distributions, see section 72(p). Do not report payments subject to social security (FICA) tax withholding on this form.

Report on Form 1099-R total payments of matured or redeemed annuity, endowment, and life insurance contracts. However, you need not file Form 1099-R to report the surrender of a life insurance contract if it is reasonable to believe that none of the payment is includible in the income of the recipient.

Total distributions from an individual retirement arrangement (IRA) or simplified employee pension (SEP) must be reported in Boxes 1 and 2 regardless of the amount. But see the instructions for Box 2 for how to report the withdrawal of contributions under section 408(d)(4). Also see *Transfers*, below.

DECs.—If you are reporting a total distribution from a plan that includes a distribution of deductible voluntary employee contributions (DECs), file two Forms 1099-R—one to report the distribution of DECs, the other to report the distribution from the other part of the plan. Report the distribution of DECs in Boxes 1 and 2 on the separate Form 1099-R.

Transfers.—Do not report direct transfers between trustees (or issuers) that involve no payment or distribution of funds to the participant, including the direct transfer to an IRA. However, you must report exchanges of insurance contracts, including a tax-free exchange under section 1035, under which any designated distribution may be made.

Total Distribution.—A total distribution is one or more distributions within one tax year in which the entire balance of the account is distributed. Payments that are not total distributions should be reported on **Form W-2P**, Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments.

Filer.—The payer or plan administrator must file Form 1099-R using the same name and employer identification number for the payer used to deposit any tax withheld and to file a quarterly withholding tax return (Form 941 or 941E).

Beneficiaries.—Prepare Form 1099-R using the name and taxpayer identification number of the beneficiary, not those of the decedent. If there are multiple beneficiaries, report on each Form 1099-R only the amount paid to the beneficiary whose name appears on the Form 1099-R, and enter the percentage in Box 9.

402(f) Notice.—The plan administrator must, when making an eligible rollover distribution, provide a written explanation to the recipient of the rollover provisions of the law and, if applicable, of the capital gain and 5-year/10-year averaging provisions. See section 402(f).

Corrective Distributions.—For reporting the distribution of **excess deferrals**, excess contributions, and excess aggregate contributions, see *Code 8* under *Box 7*, later.

Failing the ADP or ACP Test After a Total Distribution.—If a total distribution was made during 1990 and a Form 1099-R was filed with IRS, then in 1991 you discover that the plan failed the ADP (actual deferral percentage) test (under section 401(k)(3)) for 1990 and you compute excess contributions or the ACP (actual contribution percentage) test (under section 401(m)(2)) and you compute excess aggregate contributions, you must recharacterize part of the total distribution as excess contributions or excess aggregate contributions. First, file a CORRECTED Form 1099-R for 1990 for the correct amount of the total distribution (not including the amount recharacterized as excess contributions or excess aggregate contributions). Second, file a NEW Form 1099-R for 1990 for the excess contributions or excess aggregate contributions.

To avoid a late filing penalty if the new Form 1099-R is filed after the due date, enter in the bottom margin of Form 1096 the words "Filed To Correct Excess Contributions."

You should also issue copies of the Forms 1099-R to the plan participant with an explanation of why these new forms are being issued.

Statements to Recipients.—For information about the requirement of furnishing a statement to each recipient, see part *H* under *General Instructions*, earlier.

Report In:

Box 1.—The total amount of the distribution before income tax or other deductions were withheld. Include premiums paid by a trustee or custodian for current life or other insurance protection (PS 58 costs) that were not reported on Form W-2P. (PS 58 costs are reported on Form W-2P if a total distribution was not made during the year.) Include the gross amount of IRA or SEP distributions in this box. However, in the case of a distribution by a trust representing CDs redeemed early, report the net amount distributed. Also, see *Box 6*.

Include in this box the value of U.S. Savings Bonds distributed from the plan. Enter the appropriate taxable amount in Box 2. Please furnish a statement to the plan participant showing the value of each bond at the time of distribution. This will provide him or her with the information necessary to figure the interest income on each bond when it is redeemed.

Report here any **death benefit payments** not made as part of a pension, profit-sharing, or retirement plan. Also enter this amount in Box 2. Enter Code 4 in Box 7.

Section 1035 Exchange.—For a section 1035 exchange, show the total value of the contract in Box 1; enter -0- in Box 2; show the total premiums paid in Box 5; and enter Code 6 in Box 7.

Box 2.—The amount includible as income. Do not include excludable or tax-deferred amounts reportable in Boxes 5, 6, or 8. Include PS 58 costs that were reported in Box 1. However, do not report PS 58 costs and a total distribution on the same Form 1099-R. Use a separate Form 1099-R for each. Enter Code 9 in Box 7 for PS 58 costs. See Regulations section 1.72-16(b) and Rev. Puls. 55-747, 1955-2 C.B. 228, and 66-110, 1966-1 C.B. 12, for information on the cost of premiums paid by an employees' trust under a qualified plan for current life insurance protection taxable to plan participants or their beneficiaries.

Generally, you are not required to compute the taxable amount of an IRA or SEP nor designate whether any part of a distribution is a return of basis attributable to nondeductible contributions. Therefore, report the total amount distributed from an IRA or SEP in Box 2. This will be the same amount reported in Box 1. However, in the case of a distribution by a trust representing CDs redeemed early, report the net amount distributed. Do not include any amount paid for IRA insurance protection in this box. For a distribution of contributions plus earnings from an IRA under section 408(d)(4) (previously excess contributions), report the gross distribution in Box 1 and only the earnings in Box 2, and enter Code 8 or P in Box 7. Include DEC distributions in this box.

Losses.—If a distribution is a loss, do not enter a negative amount in this box. For example, if stock is distributed but the value is less than the employee's after-tax contributions, enter the value of the stock in Box 1, leave Box 2 blank, and enter the employee's contributions in Box 5.

Box 3.—For lump-sum distributions only, the amount in Box 2 eligible for the capital gain election under section 1122(h)(3) or (4) of the Tax Reform Act of 1986. Enter the full amount eligible without regard to any phase-out percentage.

To compute the months of an employee's active participation before 1974, count as 12 months any part of a calendar year in which an employee actively participated under the plan; for active participation after 1973, count as one month any part of a month in which the employee actively participated under the plan. See the example at the bottom of this page.

Active participation begins with the first month in which an employee became a participant under the plan and ends with the earliest of:

(a) The month in which the employee received a lump-sum distribution under the plan;

Example for Computing Amount Eligible for Capital Gain Election (See *Box 3*.)

Step I: Total Taxable Amounts

Total Distribution			XXXXX
Less: 1. Current actuarial value of any annuity	XXXXX		
2. Employee contributions (minus any amounts previously distributed that were not includible in the employee's gross income)	XXXXX		
3. Net unrealized appreciation in the value of any employer securities that were a part of the lump-sum distribution	XXXXX	XXXXX	
Total Taxable Amount			XXXXX

Step II: Capital Gain

Total Taxable Amount (from Step I) × (Months of Active Participation Before 1974 ÷ Total Months of Active Participation) = Capital Gain

(b) In the case of an employee, other than a self-employed person or owner-employee, the month in which the employee separates from service;
(c) The month in which the employee dies; or
(d) For a self-employed person or owner-employee, the first month in which the employee becomes disabled (within the meaning of section 72(m)(7)).

Box 4.—Federal income tax withheld. See **Publication 493**, Alternative Tax Withholding Methods and Tables, for the special tables for qualified total distributions. If a payee fails to furnish his or her correct taxpayer identification number (TIN) to you in the manner required, or if IRS notifies you before any distribution that the TIN furnished is incorrect, you must withhold at a rate of 10% for nonperiodic distributions that are not qualified total distributions. For qualified total distributions, see Publication 493. Backup withholding does not apply. For purposes of withholding, assume that the entire amount of an IRA distribution is taxable (except for the distribution of contributions under section 408(d)(4) in which only the earnings are taxable).

Box 5.—Employees' contributions to a profit-sharing or retirement plan, or insurance premiums. Enter the amount (a) actually contributed by the employee over the years under the retirement or profit-sharing plans that was required to be included in the income of the employee when contributed ("after-tax contribution"), plus (b) any employer-contributed amounts considered to have been contributed by the employee under section 72(f), (c) the accumulated cost of premiums paid for life insurance protection, taxable to the employee in previous years and in the current year under Regulations section 1.72-16, and (d) premiums paid on commercial annuities. Do not include contributions to IRAs, SEPs, DECs, 401(k) plans, or any contribution to a retirement plan that was not an "after-tax contribution."

Box 6.—Net unrealized appreciation in employer's securities in the case of a lump-sum distribution. See Regulations section 1.402(a)-1(b) for determination of the net unrealized appreciation. Use this box if a distribution includes securities of the employer corporation (or a subsidiary or parent corporation) and you can compute the net unrealized appreciation in the employer's securities. Include this amount in Box 1 but not in Box 2.

Box 7.—The appropriate code(s) from the list below that shows the type of distribution being made. Also, enter an "X" in the IRA/SEP checkbox if the distribution is from an IRA or SEP.

Changes have been made to the codes. Read them carefully before choosing the appropriate code. Please enter the appropriate codes accurately because IRS uses the codes to help determine whether the recipient has properly reported the distribution. If the codes you enter are incorrect, we may improperly propose changes to the recipient's taxes.

Use the codes below for distributions from IRAs, SEPs, Keoghs, qualified plans, commercial annuities, insurance contracts, etc.

A numeric code must be entered in all cases except when Code P or D is used. When applicable, you may enter a numeric and an alpha code. When more than one numeric code is applicable to a distribution, it may be necessary to file more than one Form 1099-R. For example, if part of a distribution is premature (Code 1) and part is not, one Form 1099-R must be filed for the part to which Code 1 applies and another Form 1099-R for the part that is a normal distribution, Code 7. In addition, for the distribution of excess deferrals, excess contributions, or excess aggregate contributions, parts of the distribution may be taxable in two or three different years. Thus, separate Forms 1099-R must be filed using Code 8, P, or D to indicate the year the amount is taxable.

Codes.—

1—Early (premature) distribution, no known exception. Use Code 1 only if the employee/taxpayer has not reached age 59½, and only if none of the exceptions under section 72(q), (t), or (v) are known to apply.

2—Early (premature) distribution, exception applies (as defined in section 72(q), (t), or (v)). Use Code 2 only if the employee/taxpayer has not reached age 59½ to indicate that an exception under 72(q), (t), or (v) applies. However, instead of Code 2, use Code 3 or 4, whichever applies, for an early distribution due to disability or death.

3—Disability.

4—Death. Use Code 4 regardless of the age of the employee/taxpayer to indicate payment to a beneficiary, including an estate. Also use it for death benefit payments not made as part of a pension, profit-sharing, or retirement plan.

5—Prohibited transaction.

6—Section 1035 exchange. Use Code 6 to indicate the tax-free exchange of insurance contracts under section 1035.

7—Normal distribution. Use Code 7 for a normal distribution from any plan, including an IRA or SEP, if the employee/taxpayer is at least 59½.

8—Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 1990. Use Code 8 for an IRA distribution under section 408(d)(4), unless Code P applies. Also use this code for corrective distributions of excess deferrals, excess contributions, and excess aggregate contributions, unless Code P or D applies. For information about reporting corrective distributions, see Notice 89-32, 1989-1 C.B. 671, Notice 88-33, 1988-1 C.B. 513, and Notice 87-77, 1987-2 C.B. 385.

9—PS 58 costs. Use Code 9 to report premiums paid by a trustee or custodian for current life or other insurance protection (PS 58 costs) if a total distribution was made this year. See *Box 2* for more information.

P—Excess contributions plus earnings/excess deferrals taxable in 1989. See the explanation for Code 8. IRS suggests that anyone using Code P for the refund of an IRA contribution under section 408(d)(4) advise payees, at the time the distribution is made, that the earnings are taxable in the year in which the contribution was made.

A—Qualifies for 5-year/10-year averaging. Use Code A to indicate that the distribution qualifies for the averaging method of computing the tax on lump-sum distributions under section 402(e).

B—Qualifies for death benefit exclusion. Use Code B to indicate that the distribution qualifies for the death benefit exclusion under section 101(b).

C—Qualifies for both A and B.

D—Excess contributions plus earnings/excess deferrals taxable in 1988. See the explanation for Code 8.

Box 8.—Enter the current actuarial value of an annuity contract that is a part of a lump-sum distribution. Do not include this item in Boxes 1 and 2.

To determine the value of an annuity contract, show the value as an amount equal to the current actuarial value of the annuity contract, reduced by an amount equal to the excess of the employee's contributions over the cash and other property (not including the annuity contract) distributed.

If an annuity contract is part of a multiple recipient lump-sum distribution, enter in Box 8, along with the current actuarial value, the percentage of the total annuity contract each Form 1099-R represents.

Box 9.—If the total distribution is made to more than one person, enter the percentage received by the person whose name appears on Form 1099-R. You need not complete this box for IRA or SEP distributions.

Boxes 10 and 11.—These boxes and Copies 1 and 2 are provided for your convenience only and need not be completed for IRS. If state income tax has been withheld on this total distribution, you may enter it in Box 10. In Box 11, enter the abbreviated name of the state and the payer's state identification number. The state number is the payer's identification number assigned by the individual state. Copy 1 may be used to provide information to the state, and Copy 2 may be used as the recipient's copy for use in filing a state income tax return.

Form 1099-S

If you are required to report a real estate transaction, you must file Form 1099-S, Statement for Recipients of Proceeds From Real Estate Transactions, to report the sale or exchange of one-to-four-family real estate (defined below).

Note: *At the time these instructions were printed, regulations were being developed that would extend the reporting requirements to include sales and exchanges of commercial, industrial, and multi-unit residential structures, and unimproved land. The regulations will be published in the Federal Register and the Internal Revenue Bulletin. Until the new regulations are published, follow the instructions contained herein.*

One-To-Four-Family Real Estate Defined.—Reporting is required only if the transaction consists in whole or in part of the sale or exchange of one-to-four-family real estate for money, indebtedness, property, or services. One-to-four-family real estate means any structure designed principally for the occupancy of one to four families, such as a house, townhouse,

duplex, or four-unit apartment building, and any appurtenant fixtures, land, and associated structures (such as a detached garage) transferred with the structure, a condominium unit designed principally for the occupancy of one to four families and any appurtenant fixtures and common elements (including land), and stock in a cooperative housing corporation. One-to-four-family real estate does not include a mobile home that includes wheels and axles.

Exceptions.—No return is required for:

(1) Any real estate transaction that does not meet the definition of the sale or exchange of one-to-four-family real estate.

(2) A refinancing.

(3) A gift.

(4) A foreclosure or abandonment reportable on Form 1099-A, Information Return for Acquisition or Abandonment of Secured Property.

(5) An involuntary conversion.

(6) Any transaction in which the transferor is a corporation or a governmental unit, including a foreign government and an international organization.

Who Must File

Note: *For each transaction, please be sure that only one person is responsible for filing and that only one Form 1099-S is filed for each transferor.*

You are required to file Form 1099-S to report the sale or exchange of one-to-four-family real estate if:

(1) You are the **person responsible for closing the transaction.** If a Uniform Settlement Statement, prescribed under the Real Estate Settlement Procedures Act of 1974 (RESPA), is used, the person responsible for closing is the person listed as the settlement agent on that statement. A Uniform Settlement Statement includes any amendments, variations, or substitutions that may be prescribed under RESPA if any such form requires disclosure of the transferor and transferee, the application of the proceeds, and the name of the settlement agent or other person responsible for closing. If a Uniform Settlement Statement is not used, or no settlement agent is listed, the person responsible for closing is the person who prepares the closing statement, including a settlement statement or other written memorandum that identifies the transferor, transferee, and real estate transferred, and that describes how the proceeds are to be disbursed.

If no closing statement is used, or if two or more statements listing or prepared by different settlement agents are used, the person responsible for closing is, in the following order **(a)** the transferee's attorney if the attorney is present at the delivery of the transferee's note or a significant part of the cash proceeds to the transferor or prepares or directs the preparation of the documents transferring legal or equitable ownership; **(b)** the transferor's attorney if the attorney is present at the delivery of the transferee's note or a significant part of the cash proceeds to the transferor or prepares or directs the preparation of the documents transferring legal or equitable ownership; or **(c)** the disbursing title or escrow company that is most significant in disbursing gross proceeds. If there is more than one attorney described in (a) or (b), the one whose involvement is most significant is the person responsible for filing.

(2) If no one is responsible for closing the transaction as explained in (1) above, the person responsible for filing is, in the following order (a) the mortgage lender, (b) the transferor's broker, (c) the transferee's broker, or (d) the transferee.

For purposes of (2) above, apply the following definitions:

(a) **Mortgage lender** means a person who lends new funds in connection with the transaction, but only if the loan is at least partially secured by the real estate. If there is more than one lender, the one who lends the most new funds is the mortgage lender. If several lenders advance equal amounts of new funds, the mortgage lender is the one who has the security interest that is most senior in priority.

(b) **Transferor's broker** means only the broker who contracts with the transferor and who is compensated for the transaction.

(c) **Transferee's broker** means only the broker who significantly participates in the preparation of the offer to acquire the property or who presents such offer to the transferor. If there is more than one transferee's broker, then for purposes of the reporting requirement, the transferee's broker is the one who most significantly participates in the preparation of the acquisition offer, or if there is no such person, the one who most significantly participates in the presentation of the offer.

Designation agreement.—A designation agreement can be entered into at or before closing to designate who must file Form 1099-S for the transaction. The agreement will identify the person responsible for filing if such designated person and the person who would otherwise be the person responsible for filing each sign the agreement. You may be designated as the person responsible for filing if you are the person responsible for closing (explained earlier), the transferee's or transferor's attorney, a title or escrow company that disburses a significant part of the gross proceeds, or the mortgage lender. The agreement may be in any form and may be included on the closing statement as long as it identifies by name and address the person designated as the person responsible for filing, indicates the names and addresses of each person entering into the agreement, is signed and dated by all persons entering into the agreement, includes the names and addresses of the transferor and transferee, and includes the address and any other information necessary to identify the property. Each person who signs the agreement must retain it for 4 years.

Multiple Transferors.—For multiple transferors, you must file a separate Form 1099-S for each transferor. However, if the property is transferred by husband and wife who held the property as joint tenants, tenants by the entirety, tenants in common, or as community property, only one Form 1099-S is required. If the property is transferred by a partnership, file only one Form 1099-S for the partnership, not separate Forms 1099-S for each partner.

At or before closing, you must request from the transferors an allocation of the gross proceeds among the transferors (other than husband and wife). The request and the response are not required to be in writing. If you receive the allocation, report gross proceeds on each Form 1099-S accordingly. If you do not receive the allocation, or you receive conflicting allocations, report on each Form 1099-S the total gross proceeds from the sale or exchange.

Multiple Assets Sold.—If one-to-four-family real estate is sold or exchanged and other assets are sold or exchanged in the same transaction, report the total gross proceeds from the entire transaction on Form 1099-S.

Taxpayer Identification Numbers (TINs).—You must request the transferor's TIN no later than the time of closing. The transferor is required to furnish his or her TIN and to certify that the TIN is correct. You may request a TIN on **Form W-9,** Request for Taxpayer Identification Number and Certification. Alternatively, you may provide a written statement to the transferor similar to the following: "You are required by law to provide [insert name of person responsible for filing] with your correct taxpayer identification number. If you do not provide [insert name of person responsible for filing] with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law." The solicitation must contain space for the name, address, and TIN of the transferor and a place to certify under penalties of perjury that the TIN furnished is the correct TIN of the transferor. The certification must read similar to: "Under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number." If you use a Uniform Settlement Statement (under RESPA), you may provide a copy of such statement, appropriately modified to solicit the TIN, to the transferor.

The TIN request need not be made in a separate mailing. Rather, it may be made in person or in a mailing that includes other items. Keep the Form W-9 or substitute form in your records for 4 years.

Filing on Magnetic Media.—See *Magnetic Media Reporting,* earlier.

Separate Charge Prohibited.—The law prohibits any person required to file Form 1099-S from separately charging any customer a fee for complying with the requirements to file Form 1099-S.

Statements to Transferors.—For information about the requirement to furnish a statement to the transferor, see part *H* under *General Instructions,* earlier.

Report In:

Filer's Name and Address Box.—The name and address of the person who is filing Form 1099-S. This information must be the same as the filer information reported on Form 1096.

Transferor's Name and Address Box.—The name and address of the seller or other transferor of the real estate. If a husband and wife are joint sellers, it is only necessary to enter one name and the TIN for that person on the form.

Box 1.—The closing date. If a Uniform Settlement Statement (under RESPA) is used, the closing date is the date properly described as the settlement date on such statement. If a Uniform Settlement Statement is not used, the closing date is the earlier of the date title transfers or the date the economic burdens and benefits of ownership shift to the transferee. Please use the following format to indicate the date: MMDDYY. For example, for January 9, 1990, enter 010990.

Box 2.—Gross proceeds from the sale or exchange of one-to-four-family real estate. **Gross proceeds** means any cash received or to be received for the real property by or on behalf of the transferor, including the stated principal amount of a note payable to or for the benefit of the transferor. If the transferee assumes a liability of the transferor or takes the property subject to a liability, such liability is treated as cash and is includible as part of gross proceeds. Gross proceeds do not include the value of property or services received or to be received by the transferor, cash received for personal property, such as draperies, carpeting, or a washer and dryer, contingent payments determined by disregarding remote and incidental contingencies and contingencies relating to insolvency or default. Also see *Multiple Transferors* and *Multiple Assets Sold*, earlier. Do not reduce gross proceeds by any expenses paid by the transferor that are deductible in computing gain or loss, such as sales commissions, deed preparation, advertising, and legal expenses. If a Uniform Settlement Statement (under RESPA) is used for a transfer of real estate for cash and notes only, gross proceeds generally will be the contract sales price properly shown on that statement. If other property or services were exchanged, see *Box 4*, below.

Box 3.—The address of the property, including the abbreviation for the state, or, if the address does not sufficiently identify the property, enter a legal description, such as section, lot, and block.

Box 4.—If the transferor received or will receive **property** (other than cash and consideration treated as cash in computing gross proceeds) **or services** as part of the consideration for the property, enter an "X" in the checkbox in Box 4.

Form 5498

File Form 5498, Individual Retirement Arrangement Information, with the IRS on or before May 31, 1991, for each person for whom you maintained an individual retirement arrangement (IRA) or simplified employee pension (SEP) during 1990. For a SEP, complete only Box 4 for the value of the account; do not report employer SEP contributions on Form 5498. For an IRA, complete all applicable boxes. If no IRA contributions were made for 1990, complete only Box 4.

For contributions made between January 1 and April 15, 1991, trustees and issuers should obtain the participant's designation of the year for which the contributions are made.

Transfers.—For reporting purposes, contributions and rollovers do not include direct transfers between trustees (or issuers) that involve no payment or distribution of funds to the participant. Therefore, you need not include these transactions on Form 5498.

Statements to Participants.—Trustees or issuers of IRAs or SEPs must provide participants with a statement of the value of the participant's account by January 31, 1991, in any written format. Trustees or issuers of IRAs must provide participants with contribution information by May 31. You are not required to provide information to IRS or to participants as to whether a contribution is deductible or nondeductible. In addition, the participant is not required to tell you whether a contribution is deductible or nondeductible.

If the trustee or issuer furnished a statement of the fair market value of the IRA to the participant by January 31, 1991, and no contributions were made to the IRA by the participant for 1990, the trustee or issuer need not furnish another statement (or Form 5498) to the participant to report zero contributions. However, Form 5498 must be filed with IRS by May 31, 1991, to report the fair market value of the IRA.

Total Distribution, No Contributions.—Generally, if a total distribution was made from an IRA during the year and no contributions were made for that year, you need not file Form 5498 to reflect that the fair market value on December 31 was zero (-0-).

Distributions.—Report distributions from IRAs and SEPs on Form 1099-R or W-2P. For a distribution of contributions plus earnings, report the distribution on Form W-2P or 1099-R, whichever is applicable, using the applicable code.

Inherited IRAs.—In the year an IRA owner dies, you, as an IRA trustee or issuer, generally must file a Form 5498 and furnish an annual statement for the decedent and a Form 5498 and an annual statement for each non-spouse beneficiary. An IRA holder must be able to identify the source of each IRA he or she holds for purposes of figuring the taxation of a distribution from an IRA. Thus, the decedent's name must be shown on the beneficiary's Form 5498 and annual statement. For example, you may enter "Brian Young as beneficiary of Joan Smith" or something similar that identifies that the IRA was once owned by Joan Smith. You may abbreviate the word "beneficiary" as, for example, "benef."

For a spouse beneficiary, unless the spouse makes the IRA his or her own by making contributions to the account or by not taking distributions required by section 401(a)(9)(B), treat the spouse as a non-spouse beneficiary for reporting purposes. If the spouse makes the IRA his or her own, report on Form 5498 and the annual statement without the beneficiary designation.

Fair market value.—On the decedent's Form 5498 and annual statement, you must enter the fair market value of the IRA on the date of death in Box 4. Or you may choose the alternate reporting method and report the fair market value as of the end of the year in which the decedent died. This alternate value will usually be zero because you will be reporting the end-of-year valuation on the beneficiary's Form 5498 and annual statement, and the same figure should not be shown on both the beneficiary's and decedent's forms. If you choose to report using the alternate method, you must inform the executor or administrator of the decedent's estate of his or her right to request a date-of-death valuation. If you use the language for Box 4 on the back of Copy B of the official 1990 Form 5498, or you use the official Copy B, you will have met this notice requirement.

On the beneficiary's Form 5498 and annual statement, the fair market value of that beneficiary's share of the IRA as of the end of the year must be shown in Box 4. Every year thereafter that the IRA exists, you must file Form 5498 and an annual statement for each beneficiary who has not received a total distribution of his or her share of the IRA showing the fair market value at the end of the year and identifying the IRA as described above.

However, if a beneficiary takes a total distribution of his or her share of the IRA in the year of death, you need not file a Form 5498 nor furnish an annual statement for that beneficiary.

If you have no knowledge of the death of an IRA owner until after you are required to file Form 5498 (May 31), you are not required to file a corrected Form 5498 nor furnish a corrected annual statement. However, you must still provide the date-of-death valuation to the executor or administrator upon request in a timely manner.

For more information about the reporting requirements for inherited IRAs, see Rev. Proc. 89-52, 1989-37 I.R.B. 17.

Report in:

Box 1.—Regular contributions to an IRA made in 1990 and through April 15, 1991, designated for 1990. Also include employee contributions to an IRA under a SEP plan. Report gross contributions, including the amount allocable to the cost of life insurance (see *Box 3*) and including any excess contributions, even if the excess contributions were withdrawn.

Box 2.—Rollover contributions made to an IRA received by you during 1990.

Box 3.—For endowment contracts only, the amount included in Box 1 allocable to the cost of life insurance.

Box 4.—The fair market value of the IRA or SEP account on December 31. For inherited IRAs, see *Inherited IRAs*, earlier.

Form W-2G

The requirements for filing Form W-2G, Statement for Recipients of Certain Gambling Winnings, depend on the type of gambling and are listed separately following these general instructions.

Withholding Requirements.—A payer of certain gambling winnings (other than winnings from keno, bingo, and slot machines) is required to withhold 20% from such winnings and report this amount on Form W-2G. This is referred to as regular gambling withholding. It applies to gambling winnings of more than (1) $1,000 from a sweepstakes, wagering pool, or nonstate-conducted lottery, (2) $5,000 from a state-conducted lottery, and (3) $1,000 from other wagering transactions if the winnings are at least 300 times the amount wagered.

Form **7018-C**
(Rev. June 1990)
Department of the Treasury
Internal Revenue Service

Order Blank for Forms

For Paperwork Reduction Act Notice, see back of form.

OMB No. 1545-1022
Expires 6-30-93

1991 Forms Will Not Be Sent Until After January 1991

Part A (7018-C)

Use This Portion for 1991 Forms Only

Form	Quantity	Form	Quantity	Form	Quantity	Form	Quantity
W-2G		1099-B		1099-MISC		1099-S	
1096		1099-DIV		1099-OID		5498	
1098		1099-G		1099-PATR		5754	
1099-A		1099-INT		1099-R			

Do Not Separate

Name
Address (number and street)
City, state, and ZIP code

PLEASE FOLD AND DETACH HERE

Part B (7018-C)

Use This Portion for 1990 Forms Only

Form	Quantity	Form	Quantity	Form	Quantity	Form	Quantity
W-2G		1099-B		1099-MISC		1099-S	
1096		1099-DIV		1099-OID		5498	
1098		1099-G		1099-PATR		5754	
1099-A		1099-INT		1099-R		Instrs. 1099	

Do Not Separate

Name
Address (number and street)
City, state, and ZIP code

Instructions

Simply enter the quantity next to the form you are ordering and fully complete the appropriate mailing label(s). The titles of these forms are listed below. Use the top portion for ordering 1991 forms ONLY. Use the bottom portion for ordering 1990 forms ONLY. Some of the forms listed are printed three on a sheet; please order the number of forms, NOT the number of sheets.

Note: *Forms issued by Internal Revenue Service require the insertion of carbon paper when multiple copies are required. None of the items on the order blank are available from IRS in a continuous feed version.*

Where To Send Your Order

Send your order to the Internal Revenue Service address for your state.

Alabama, Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Wisconsin	P.O. Box 9903 Bloomington, IL 61799
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming	Western Area Distribution Center Rancho Cordova, CA 95743-0001
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, Foreign Address	P.O. Box 25866 Richmond, VA 23260

Titles

Form W-2G, Statement for Recipients of Certain Gambling Winnings (three forms per sheet)

Form 1096, Annual Summary and Transmittal of U.S. Information Returns (one form per sheet)

Form 1098, Mortgage Interest Statement (three forms per sheet)

Form 1099-A, Information Return for Acquisition or Abandonment of Secured Property (three forms per sheet)

Form 1099-B, Statement for Recipients of Proceeds From Broker and Barter Exchange Transactions (three forms per sheet)

Form 1099-DIV, Statement for Recipients of Dividends and Distributions (three forms per sheet)

Form 1099-G, Statement for Recipients of Certain Government Payments (three forms per sheet)

Form 1099-INT, Statement for Recipients of Interest Income (three forms per sheet)

Form 1099-MISC, Statement for Recipients of Miscellaneous Income (three forms per sheet)

Form 1099-OID, Statement for Recipients of Original Issue Discount (three forms per sheet)

Form 1099-PATR, Statement for Recipients (Patrons) of Taxable Distributions Received From Cooperatives (three forms per sheet)

Form 1099-R, Statement for Recipients of Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc. (three forms per sheet)*

Form 1099-S, Statement for Recipients of Proceeds From Real Estate Transactions (three forms per sheet)

Form 5498, Individual Retirement Arrangement Information (three forms per sheet)

Form 5754, Statement by Person(s) Receiving Gambling Winnings (one form per sheet)

Instructions for Forms 1099, 1098, 5498, and W-2G

*Form 1099-R and Form W-2P, Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments, will be combined for 1991. (two forms per sheet)

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 3 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service,** Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget,** Paperwork Reduction Project (1545-1022), Washington, DC 20503. DO NOT send this form to either of these offices. Instead, see the instructions above for information on where to send it.

Regular gambling withholding applies to the amount of gross proceeds (the amount of winnings less the amount wagered) and not merely to the amounts in excess of $1,000 or $5,000.

Backup Withholding.—If a recipient fails to furnish a payer of reportable gambling winnings with a correct taxpayer identification number (TIN), the payer is required to withhold 20% of the proceeds and to report this amount on Form W-2G unless the winnings are already subject to regular withholding as explained above. This is referred to as backup withholding. Backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered and not merely to the amounts of such reportable payments in excess of $600, $1,200, or $1,500. See the instructions for each type of gambling for detailed rules for backup withholding.

A payer may use **Form W-9**, Request for Taxpayer Identification Number and Certification, to request the TIN of the recipient.

Foreign Persons.—Payments of certain gambling winnings to a nonresident alien individual or a foreign corporation are not subject to reporting or withholding on Form W-2G or **Form 5754**, Statement by Person(s) Receiving Gambling Winnings, since such payments are subject to withholding under sections 1441(a) and 1442(a) and are reportable on Forms 1042 and 1042S.

State Tax Information.—If state income tax withholding is required on gambling winnings in your state, you may want to complete Boxes 13 and 14 on Form W-2G. Copy 1 of the form may be used to provide information to the state, and Copy 2 may be used as the winner's copy for use in filing a state income tax return. The state identification number is assigned by the individual state.

Form 5754.—If the person receiving the winnings is not the actual winner, or is a member of a group of winners, see *Form 5754*, later.

Statements to Winners.—For information about the requirement to furnish a statement to the winner, see part *H* under *General Instructions*, earlier.

Instructions for Payers of Gambling Winnings From Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later

File Form W-2G for every person to whom you pay $600 or more in gambling winnings if such winnings are at least 300 times the amount of the single wager. You must withhold Federal income tax, at the rate of 20%, from the amount of winnings less the amount wagered if such winnings less the wager exceed $1,000 and if the winnings are at least 300 times the amount of the single wager. If the recipient of reportable gambling winnings does not provide a TIN, you must impose backup withholding at the rate of 20% on any such winnings that are not subject to regular gambling withholding under the preceding sentence. That is, if the winnings are at least $600 but not more than $1,000, backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered. If more than one person shares in the winnings from a single wager, the aggregate amount of the winnings will determine the amount of the proceeds for purposes of reporting and backup withholding.

In the case of multiple wagers sold on one ticket, such as the $12 box bet on a Big Triple or Trifecta, the wager will be considered to be six $2 bets and not one $12 bet for purposes of computing the amount to be reported or withheld. Winnings on a $12 box bet must be reported if they are $600 or more, and Federal income tax must be withheld if the proceeds amount to more than $1,000 or, in the event the proceeds do not exceed $1,000, if the recipient fails to provide a TIN.

Identical wagers (for example, two $2 bets on a particular horse to win the same race) are aggregated for purposes of the reporting and withholding requirements. Also, identical wagers that are not part of the payment for which the W-2G is being prepared are aggregated for purposes of withholding to determine if the total amount of proceeds from identical wagers is more than $1,000. If the person presenting the ticket for payment is the sole owner of the ticket, Form W-2G should be completed showing the name, address, and identification number of the winner. If Federal income tax is to be withheld, the winner then signs the W-2G, under penalties of perjury, stating that he or she is the sole owner and that the information listed on the form is correct. In this case, Form 5754 is not used.

Report in:

Box 1.—Payments of $600 or more if the payment is at least 300 times the amount of a single wager.

Box 2.—The amount of Federal income tax withheld, whether regular withholding or backup withholding.

Box 3.—The type of wager if other than a regular race bet, for example, Daily Double or Big Triple.

Box 4.—The date of the winning event. This is not the date the money was paid if paid after the date of the race (or game).

Box 5.—Not applicable.

Box 6.—The race (or game) applicable to the winning ticket.

Box 7.—The amount of additional winnings from identical wagers.

Box 8 or 10.—The cashier and/or window number making the winning payment.

Boxes 11 and 12.—The identification numbers of the person receiving the winnings.

Box 13.—(optional) The abbreviated name of the state and your state identification number.

Box 14.—(optional) The amount of state income tax withheld.

Instructions for Payers of Gambling Winnings From State-Conducted Lotteries

File Form W-2G for every person to whom you pay winnings of $600 or more from a state-conducted lottery if such winnings are at least 300 times the amount of the single wager. You must withhold Federal income tax, at the rate of 20%, from the amount of winnings less the price of the winning ticket if such winnings less the price of the winning ticket exceed $5,000. If the recipient of the reportable lottery winnings does not provide a TIN, you must impose backup withholding at the rate of 20% on any such winnings that are not subject to regular gambling withholding under the terms of the preceding sentence. That is, if the amount of the lottery winnings is at least $600 but not more than $5,000, backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Installment payments of $5,000 or less are subject to regular 20% gambling withholding if the aggregate proceeds from such wager will exceed $5,000.

If payments are to be made for the life of a person (or for the lives of more than one person), and it is actuarially determined that the aggregate proceeds from such wager are expected to exceed $5,000, such payments are subject to regular 20% gambling withholding.

The price of the wager must be deducted from the total winnings to determine whether reporting or withholding is required. The deduction for the cost of the wager should be made at the time of the first payment.

Noncash payments, such as an automobile, are to be taken into account at their fair market value for purposes of reporting and withholding. If the fair market value exceeds $5,000, after deducting the price of the wager, it is subject to regular gambling withholding. In such a case, the tax that must be withheld is computed as follows: (1) if payment of the withholding tax is made by the winner to the payer of winnings, 20% of the noncash payment less the amount of the wager is subject to withholding; (2) if the payer of winnings also pays the withholding tax, 25% of the noncash payment (less the wager) is subject to withholding. If the method under (2) is used, the sum of the noncash payment and withholding tax is entered in Box 1. See Regulations section 31.3402(q)-1 for more information.

A payment of winnings is considered made when it is paid, either actually or constructively, to the winner. Winnings are constructively paid when they are credited to, or set apart for, that person without any substantial limitation or restriction on the time, manner, or condition of payment.

When a person other than a state lottery employee or agent makes the payments, as in the case of an insurance company handling the winnings as an annuity, that other person must deduct and withhold as originally required of the state lottery payer.

Report in:

Box 1.—Payments of $600 or more.

Box 2.—The amount of Federal income tax withheld, whether backup withholding or regular gambling withholding.

Box 3.—The name of the lottery (Instant, Big 50, Baker's Dozen, etc.) and the price of the ticket (50¢, $1, etc.).

Box 4.—The date of the drawing of the winning number. This may not be the date the winnings are paid.

Box 5.—The ticket number or other identifying number.

Boxes 6 through 8 and 10 through 12.—Not applicable to lottery winnings.
Box 13.—(optional) The abbreviated name of the state and your state identification number.
Box 14.—(optional) The amount of state income tax withheld.

Instructions for Payers of Gambling Winnings From Keno, Bingo, and Slot Machines

File Form W-2G for every person to whom you pay $1,200 or more in gambling winnings from bingo or slot machines, or $1,500 or more from keno after the price of the wager for the winning keno game is deducted. If the winnings are of a noncash nature, the fair market value of the item won is to be considered the amount of the winnings. Total all winnings from each bingo or keno game. Winnings and losses from other wagering transactions are not to be taken into account in arriving at the $1,200 or $1,500 figure. If the recipient of reportable gambling winnings from bingo, keno, or slot machines does not provide a TIN, you must impose backup withholding at the rate of 20% on any such winnings. Backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered. Regular gambling withholding does not apply to winnings from bingo, keno, or slot machines.

Report in:

Box 1.—Payments of $1,200 or more from bingo or slot machines or payments of $1,500 or more from keno.
Box 2.—The amount of any backup withholding.
Box 3.—The type of wager, such as bingo, keno, and slot machines, and the amount of the wager.
Box 4.—The date of the winning transaction.
Box 5.—The ticket number, card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction.
Boxes 6 and 7.—Not applicable.
Box 8.—The initials of the person paying the winnings.
Box 10.—The location of the person paying the winnings, if applicable.
Boxes 11 and 12.—The identification numbers of the person receiving the winnings.
Box 13.—(optional) The abbreviated name of the state and your state identification number.
Box 14.—(optional) The amount of state income tax withheld.

Instructions for Sweepstakes, Wagering Pools, and Certain Lotteries

File Form W-2G for each person to whom you pay $600 or more in gambling winnings from any wager placed in a sweepstakes, wagering pool, or lottery (other than state-conducted lotteries). You must withhold Federal income tax, at the rate of 20%, from the amount of winnings less the amount wagered if such winnings less the wager exceed $1,000. If the recipient of such reportable gambling winnings does not provide a TIN, you must impose backup withholding at the rate of 20% on any such winnings that are not subject to regular gambling withholding under the terms of the preceding sentence. That is, if the winnings are at least $600 but not more than $1,000, backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered. These requirements apply to church raffles, charity drawings, etc.

Report in:

Box 1.—All payments of $600 or more.
Box 2.—The amount of Federal income tax withheld, whether regular gambling withholding or backup withholding.
Box 3.—The type of wager, such as a raffle or a 50-50 drawing.
Box 4.—The date of the winning transaction.
Boxes 5 through 8 and 10.—Not applicable.
Boxes 11 and 12.—The identification numbers of the person receiving the winnings.
Box 13.—(optional) The abbreviated name of the state and your state identification number.
Box 14.—(optional) The amount of state income tax withheld.

Form 5754

Form 5754, Statement by Person(s) Receiving Gambling Winnings, is used only in preparing Form W-2G when the person receiving the winnings is not the actual winner or is a member of a group of two or more winners on the same winning ticket.

The person receiving the winnings must furnish all the information required by Form 5754. However, a recipient of winnings from state-conducted lotteries need not provide identification other than his or her taxpayer identification number. Part I lists the identification of the person to whom the winnings are paid, and Part II lists the actual winners, their respective shares of the winnings, and any additional winnings from identical wagers. If the person receiving the winnings is also one of the winners, the first name listed in Part II should be the same as the name in Part I. In this case, the "Amount won" box and (if applicable) the "Winnings from identical wagers" box must be completed for that person, but the other boxes may be marked "Same as above."

In Part II, the person receiving the winnings must provide the name, address, identification number, respective share of the winnings, and additional winnings from identical wagers for each of the winners. In addition, if Federal income tax is to be withheld, the form must be signed, under penalties of perjury, and dated by the person receiving the winnings. The form must be returned to the payer for preparation of Form W-2G for each of the persons listed as winners. Forms W-2G may be issued immediately or by January 31 following the year of the payment. Do not file Form 5754 with IRS.

Alphabetical List of Types of Payments

Below is an alphabetical list of some payments and the forms to file to report them. The list was developed to help you determine which form to file. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable.

Type of Payment	Report on Form
Abandonment	1099-A
Advance earned income credit	W-2
Agriculture payments	1099-G
Allocated tips	W-2
Annuities, periodic payments	W-2P
Auto reimbursements:	
Employee	W-2
Nonemployee	1099-MISC
Awards:	
Employee	W-2
Nonemployee	1099-MISC
Bartering exchange income	1099-B
Bonuses:	
Employee	W-2
Nonemployee	1099-MISC
Broker transactions	1099-B
Car expense:	
Employee	W-2
Nonemployee	1099-MISC
Christmas bonuses:	
Employee	W-2
Nonemployee	1099-MISC
Commissions:	
Employee	W-2
Nonemployee	1099-MISC
Commodities transactions	1099-B
Compensation:	
Employee	W-2
Nonemployee	1099-MISC
Crop insurance proceeds	1099-MISC
Dependent care payments	W-2
Direct sales of consumer products for resale	1099-MISC
Directors' fees	1099-MISC
Discharge of indebtedness, Federal Government	1099-G
Distributions in liquidation	1099-DIV
Dividends	1099-DIV
Education expense reimbursement:	
Employee	W-2
Nonemployee	1099-MISC
Employee compensation	W-2
Employee business expense reimbursement	W-2
Excess deferrals, excess contributions, distributions of	W-2P or 1099-R
Fees:	
Employee	W-2
Nonemployee	1099-MISC
Fishing boat crew members proceeds	1099-MISC
Foreclosures	1099-A
Foreign persons' income	1042S
401(k) contributions	W-2
404(k) dividend	1099-DIV
Gambling winnings	W-2G
Golden parachute:	
Employee	W-2
Nonemployee	1099-MISC
Grants, taxable	1099-G
Health services	1099-MISC
Income tax refunds, state and local	1099-G
Interest	1099-INT
Interest, mortgage	1098
IRA contributions	5498
IRA distributions:	
Total	1099-R
Partial	W-2P
Medical services	1099-MISC
Mileage:	
Employee	W-2
Nonemployee	1099-MISC
Mortgage interest	1098
Moving expense	W-2
Nonqualified plan distribution	W-2
Original issue discount (OID)	1099-OID
Patronage dividends	1099-PATR
Pension:	
Total distribution	1099-R
Partial distribution	W-2P
Prizes:	
Employee	W-2
Nonemployee	1099-MISC
Profit-sharing plan:	
Total distribution	1099-R
Partial distribution	W-2P
PS 58 costs	W-2P or 1099-R
Real estate proceeds	1099-S
Rents	1099-MISC
Retirement:	
Total distribution	1099-R
Partial distribution	W-2P
Royalties	1099-MISC
Securities, sale of	1099-B
SEP contributions	W-2
SEP distributions:	
Total	1099-R
Partial	W-2P
Severence pay	W-2
Sick pay	W-2
Substitute payments in lieu of dividends or tax-exempt interest	1099-MISC
Supplemental unemployment	W-2
Tips	W-2
Unemployment benefits	1099-G
Vacation allowance:	
Employee	W-2
Nonemployee	1099-MISC
Wages	W-2

Guide to Information Returns

Form Number	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1042S	Foreign Person's U.S. Source Income Subject to Withholding	Payments subject to withholding under Chapter 3 of the Code, including interest, dividends, royalties, pensions and annuities, gambling winnings, and compensation for personal services.	All amounts	March 15	March 15
1098	Mortgage Interest Statement	Mortgage interest you received in the course of your trade or business from individuals.	$600 or more	February 28	(To Payer/Borrower) January 31
1099-A	Information Return for Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are the lender.	All amounts	February 28	(To Borrower) January 31
1099-B	Statement for Recipients of Proceeds From Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions.	All amounts	February 28	January 31
1099-DIV	Statement for Recipients of Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock, and distributions in liquidation.	$10 or more, except $600 or more for liquidations	February 28	January 31
1099-G	Statement for Recipients of Certain Government Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, taxable grants, and discharge of indebtedness owed to the Federal Government.	$10 or more for unemployment and tax refunds; $600 or more for all others	February 28	January 31
1099-INT	Statement for Recipients of Interest Income	Interest payments not including interest on an IRA.	$10 or more ($600 or more in some cases)	February 28	January 31
1099-MISC	Statement for Recipients of Miscellaneous Income (Also, use this form to report the occurrence of direct sales of $5,000 or more of consumer goods for resale.)	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows. Payments to crew members by owners or operators of fishing boats. Report payments of proceeds from sale of catch. Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans. Payments for services performed for a trade or business by people not treated as its employees. Examples: fees to subcontractors or directors, expenses incurred for use of an entertainment facility treated as compensation to a nonemployee, and golden parachute payments. Substitute dividend and tax-exempt interest payments reportable by brokers. Crop insurance proceeds.	$600 or more, except $10 or more for royalties All payments $600 or more $600 or more $10 or more $600 or more	February 28	January 31
1099-OID	Statement for Recipients of Original Issue Discount	Original issue discount.	$10 or more	February 28	January 31
1099-PATR	Statement for Recipients (Patrons) of Taxable Distributions Received From Cooperatives	Distributions from cooperatives to their patrons.	$10 or more	February 28	January 31
1099-R	Statement for Recipients of Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc.	Total distributions from retirement or profit-sharing plans, IRAs, SEPs, or insurance contracts. Generally, use Form 1099-R only if the distribution closed the payee's account.	All amounts	February 28	January 31
1099-S	Statement for Recipients of Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of certain real estate.	All amounts	February 28	January 31

Guide to Information Returns *(Continued)*

Form Number	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
4789	Currency Transaction Report	Each deposit, withdrawal, exchange of currency, or other payment or transfer by, through, or to financial institutions (other than casinos) that involves a transaction in currency of more than $10,000.	Over $10,000	Within 15 days after the date of the transaction	Not required
5498	Individual Retirement Arrangement Information	Contributions (including rollover contributions) to an individual retirement arrangement (IRA), and the value of an IRA or simplified employee pension (SEP) account.	All amounts	May 31	(To Participant) (for value of account) January 31 (for contributions) May 31
8027	Employer's Annual Information Return of Tip Income and Allocated Tips	Receipts from food or beverage operations, tips reported by employees, and allocated tips.	See separate instructions.	Last day of February	Allocated tips are shown on Form W-2, due January 31
8300	Report of Cash Payments Over $10,000 Received in a Trade or Business	Payments in cash or foreign currency received in one transaction, or two or more related transactions, in the course of a trade or business. Does not apply to banks and financial institutions filing **Form 4789**, Currency Transaction Report, and casinos that are required to report such transactions on **Form 8362**, Currency Transaction Report by Casinos, or, generally, to transactions outside the United States.	Over $10,000	Within 15 days after the date of the transaction	(To Payer) January 31
8308	Report of a Sale or Exchange of Certain Partnership Interests	Sales or exchanges of a partnership interest involving unrealized receivables or substantially appreciated inventory items.	(Transaction only)	Generally, attach to Form 1065	(To Transferor and Transferees) January 31
W-2G	Statement for Recipients of Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, raffles, drawings, bingo, slot machines, and keno.	Generally, $600 or more ($1,200 or more from bingo or slot machines; $1,500 or more from keno)	February 28	January 31
W-2	Wage and Tax Statement	Wages, tips, other compensation, withheld income and FICA taxes, and advance earned income credit (EIC) payments. Include bonuses, vacation allowances, severance pay, moving expense payments, some kinds of travel allowances, and third-party payments of sick pay.	See separate instructions.	**To SSA**: Last day of February	**To Recipient**: January 31
W-2P	Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments	Retirement payments other than total distributions.	See separate instructions.	Last day of February	January 31

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Rancho Cordova, CA 95743-9999

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